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DUN'S REVIEW

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This Month's Cover

WORCESTER

A view of Worcester, Mass., as it appeared from Union Hill just one hundred years ago, the lithograph reproduced on the front cover was drawn by P. Anderson and done on stone by R. Cooke. It was issued by T. Moore's Lithography, in Boston. The steeples in the center are those of the Baptist Church and the Union Church, both built in 1836. The stretch of water in the foreground is the Blackstone Canal. Worcester's population a century ago was about 7,000. . . . This print from the Phelps Stokes Collection appears through the courtesy of the New York Public Library. . . . The first grant of land on the site of Worcester, 40 miles southwest of Boston, was made in 1657, but the present town dates from 1713. The plantation of Quansigamog laid out there in 1668 was abandoned seven years later at the outbreak of King Philip's War. It was revived in 1684 under the name of Worcester, but Indian attacks again caused its abandonment in 1702. . . . In 1812 Isaiah Thomas, a pioneer among American printers, founded the American Antiquarian Society and gave to it his private library. The Society's first meetings were held in Boston, but as war had begun again with England the members finally moved the library a safe distance inland to Worcester. The collections of the Society are among the city's most valued possessions. . . . With the utilization of water power and the establishment of factories, begun about 1800, Worcester gradually grew to be one of the principal industrial cities of New England. Among its manufactures are foundry and machine shop products, wire, woolen and worsted goods, boots and shoes, paper, machinery, abrasives, and leather. In 1933 the population of Worcester (aerial view above) was 198,000.

DUN'S REVIEW

for

JUNE, 1939

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¶ For those interested in the prints of century-old cities appearing on the covers of DUN'S REVIEW, the publishers have arranged to provide mounted copies suitable for framing. Not all back numbers are available. Orders for copies of prints on current issues should be placed promptly and accompanied by check or money order. For prints set off by an appropriate French mat 13½ x 14¾ inches ready for framing the charge is $1. For prints mounted and framed, with glass, the charge is $3. If in New York City, add 2 per cent sales tax. . . . ¶ Information about subscription rates will be found on page 49. . . . ¶ Second cover photograph by Fairchild Aerial Surveys, Inc. Frontispiece photograph by Charles Phelps Cushing.

TURRET LATHE—PHOTO BY SAWDERS FROM CUSHING

TODAY'S MANAGEMENT PROBLEM: CO-ORDINATION

ALVIN E. DODD
President,
American Management Association

Here a man whose work brings him daily into contact with the thinking of top-ranking management and the problems of both large and small business discusses the increasing importance which recent trends attach to executive perspective. This is one of a series of articles on subjects important to business, presenting the opinions of men whose backgrounds have created decided, and often conflicting, convictions.

THIS twentieth century world calls, as never before, for management resourcefulness—for the best thinking and ingenuity of its human inhabitants in operating their machinery for making and supplying their necessities and luxuries. Since mankind began to live in groups and to exchange with each other the results of labor, there has been this increasing demand for a higher degree of managerial ability. Though the operations have become increasingly complex over almost all history, it seems as if the management needs of the 1939 world had suddenly jumped to heights above any expected trend.

Today's especial need is for the co-ordination of all management functions; for the development of controls which will increase the effectiveness of the various divisions of management as well as of what is often called administration, the determination of policies. The need is not new; it has been met by various techniques. Circumstances today demand so much more in this direction that both the need and the meeting of the need constitute almost a new problem and require almost new answers.

The importance of this need has been reflected in some recent wholesale shifts in organization set-up of important corporations. It may be expected to have a greater influence upon top rank personnel.

In widely varying industries there has been increased discussion of the answers to such questions as: How may distinctions be drawn between operative functions and those that are technical and advisory? What sort of executive training plans and executive incentive plans are most effective? How can adherence to

policies be maintained without loss of executive initiative?

In small groups where there is study of questions similar to these there has been found a surprisingly wide degree of applicability of ideas available in management literature and also of application from one industry to another. Problems of co-ordination, control, and organization are much the same in organizations of the same general size class and scope of operation regardless of the line of business.

A number of important executives have told me in recent months that they have had difficulty in promoting men to key management jobs because, although they are good in their specialized fields, they have not acquired any broad knowledge of the whole field of management. Thus in the matter of pricing, which is obviously more than a matter of sales management, some sales executives have been unable to make worthwhile contributions to pricing policy, despite their close understanding of the customer's viewpoint.

NATION-WIDE

ASSOCIATION EXECUTIVE

Alvin E. Dodd, president of the American Management Association, directs an organization which advances the interchange of information on mangement problems among companies which make up an important part of American industry.

Mr. Dodd was the organizer and first head of the Distribution Department of the United States Chamber of Commerce. Later he was assistant to the president of Sears, Roebuck & Co., then vice-president in charge of merchandising for Kroger Grocery & Baking Company.

An important function of the Association is to provide forums where executives may gather for discussion of their problems. Mr. Dodd, in touch with business leaders throughout the United States and Europe, actively plans and organizes these conferences.

This need for especial attention to co-ordination perhaps comes to the fore now largely because management for the past generation or so has been preoccupied with a series of problems relating to other aspects of industry. At the beginning of the century the greatest emphasis was placed on the financial aspects. This was a period in which the gigantic corporate combinations were being formed to develop the country's natural resources and to meet the needs of an expanding economy.

This period was naturally followed, if not overlapped, by great attention to the problems of production, given emphasis by the principles of "scientific management" fathered by Frederick W. Taylor. From that phase extending roughly to the depression of the early thirties, distribution and marketing problems became the greatest concern of business.

Late in the depression and continuing into the "interrupted" recovery, labor problems came to the fore, as strikes and lockouts swept through the country. Management found it desirable to give increased respect to personnel administration.

Any such brief review of the high points in functional managerial developments must be misleading, for there has of course been a constant uncovering of knowledge in all divisions of the field. The "efficiency" period that led eventually to sound progress in the handling of office work is important because co-ordination depends partly on paper work. The war-time growth and decline, too, of interest in personnel work; the development of budgeting; and the ever continuing mechanization of all activities are all part of the picture.

Perhaps, too, we have come to an appreciation of the need for the continual maintenance of executive perspective by what has happened in the world. The ever increasing degree of specialization of work and of departments tends to increase the importance of effective liaison between workers and departments. It tends, too, as has been noted, to prevent the development of managers well informed about all functional activities.

Closely linked to this specialization is the often-noted speed with which changes take place in our commercial and industrial life—changes in products, methods, and markets. That speed has far reaching influences; obsolescence of equipment, for instance, affects directly the operations in the factory including perhaps the training of workers and other often well established practices. But generally over all industry it means, too, a new effect on the financing of equipment ownership, for the machine that is going to be nearly worthless in three years cannot well be purchased with ten-year bonds.

The depression, too, is responsible for the growing realization that emphasis on any one phase of a company's operations, more or less to the overshadowing of others, is fraught with peculiar danger. For when the most economical operation was essential to a company's continued existence, it became far more obvious that in spite of any ameliorating circumstances no division of a business could through self interest be permitted to run counter to the general objectives.

Long-trend economic tides carry us to the same shores as do the cyclical waves. The decrease in the rate of population growth and eventual flattening out of the population curve in the United States will have many effects on business. Many believe that these include a curtailment of capital-goods expansion with greater emphasis in many industries on replacement and modernization, rather than on new facilities. This, and the indications of less mobility of labor, suggest that industry is entering an administrative era as distinguished from the development era which began late in the last century.

We cannot go far here in any survey of what goes to make up this growing technique of co-ordination. Some of its aspects have been touched upon; others are obvious; some unquestionably are as yet undeveloped. Much of what is known is not generally used. Students in elementary management courses are exposed to rather well established principles that are disregarded in the organization plans of well-known companies, with recognizably unfortunate results.

Perhaps the most enlightening way of thinking of this evolution in management emphasis is to consider it a part of the further development of the profession of business. More and more have the leaders of the business world gained as a group such attributes of the older professions as a code of ethics, a willingness to exchange information, and a well organized collection of data.

This is a long-time growth; attention has been directed to it many times. Among the outward evidences are the business journals, the associations of business men by trades and by functions, the schools of business administration, and the governmental institutions related to business. There are other reasons for some of these institutions, but all-in-all a major part of their purpose is the exchange of ideas, the building-up of a fund of information about business. Men in similar fields have come, more and more, to look upon each other as allies and collaborators—satisfied that in making the other fellow's burdens easier, they lighten their own.

The Seventh International Management Congress held in Washington last Fall provided new testimony of the forces that carry the thinking of business men in these directions. There were evident the strides that are being taken toward co-ordination of the activities within a company. There was equally apparent the rapid and genuine progress that is being made in the increasing recognition by management of its responsibilities, with the growth of industry and the dispersion of ownership through stock, as trustee for capital, labor, and consumer.

It was summed up well by Lewis H. Brown, president, Johns-Manville Corporation, when he said that management should: (1) seek to provide better values at lower costs; (2) strive to develop efficiency in industry to give investors a fair return and labor the highest possible reward; (3) encourage fair-trade practices; (4) be alert to its own shortcomings and new needs of society; (5) work hand in hand with labor, government, and agriculture to provide jobs and security for all; (6) improve old products and create new ones to provide continuously new employment fields.

That is no small program, even for the management brains of this country. It is that kind of concept that has led to the increasing appreciation of co-ordination as the phase of management of current and future importance. Of such thinking may come more than any of us can see today.

OPEN HEARTH FURNACES OF U. S. STEEL CORP.—ROBERT YARNALL RICHIE PHOTO

EWING GALLOWAY

Objects are more important to him than numbers, but his parents probably compared price and values carefully before he got tricycle or overalls—casting their greenbacked ballots for one distribution system or another.

FORCES AFFECTING DISTRIBUTION THROUGH CHAIN STORES

WILLARD L. THORP
Director of Economic Research
DUN & BRADSTREET, INC.

DISTRIBUTIVE channels are not easily changed. Business institutions are subject to inertia and a change in marketing policy is not something to be taken lightly. Existing customers of a given type are always more comforting than potential customers of some other kind. Probably the incentive for the rise of direct-to-retailer selling has not come so much from the manufacturer as from the increasing importance of a new class of customer. Undoubtedly, a leading factor in this record of shifting channels has been the rise of the mass distributor. I do not wish to suggest that the term "mass distributor" is synonymous with chain store systems. However, I shall confine my further remarks to that aspect of mass distribution.[1]

It is easy to summarize the growth of chains up to 1929. The chain-store population grew at an amazingly steady rate. Except for the War years, when the rate was appreciably accelerated, the annual increase in number of chain outlets proceeded neatly along a compound interest curve, doubling in number about every six and one-half years. Wearing apparel chains increased more rapidly in number, while grocery chains increased somewhat less rapidly. However, this last fact was more than offset by the extraordinary expansion of The Great Atlantic and Pacific Tea Company, which increased from 10.8 per cent of all chain outlets in 1914 to 30.9 per cent at the end of 1925. After 1925, the rate of expansion in the established fields noticeably slackened, in some degree due to the slower growth of A. & P. However, the rapid development of the filling station and automotive accessory fields supported the trend. The discovery of

[1] For evidence introduced in this section of my paper I am indebted to the "Chain Store Study," of the Federal Trade Commission, the various censuses of distribution, the compilations of Hugh Foster, and the records of DUN & BRADSTREET, INC.

the chain store field by investment bankers also led to many consolidations in the late Twenties. Up to 1929, the picture was one following exactly the Malthusian formula for natural increase of population—a strictly geometrical progression.

Since 1929, the picture has been much less clear-cut. Despite further increases in the automotive group, the 1933 *Census of Distribution* recorded a net reduction in chain outlets of about 7,000, contributions to the decline being made by nearly all lines, the largest by the grocery field. This was the first break in the upward trend which had been so amazingly constant since the beginning of our records. Neither of the earlier depressions of 1908 or of 1921 had even made a dent in the rising trend line. The situation was reversed between 1933 and 1935, the total remaining almost constant for all lines except for chains of filling stations, which were reduced by 17,000, or nearly one-half. The recent years have seen the steady expansion of chains in the women's ready-to-wear group, the automobile accessory and tire fields, and in certain specialty fields such as bakery products and dairy products.

Data are available for the number of outlets operated by certain of the larger chains. For thirteen of the leading chains in the grocery field, three reached their peak in number of stores in 1929, two in 1930, five in 1931, and the last three in 1932. The decline in A. & P. from its peak is reported variously from 750 to 3,000 stores. The next twelve food and grocery chains which total 19,222 stores at their various peaks had reduced their outlets to 15,846 at last reports, a decline of 18 per cent.

Five and Tens

Chains in the limited price variety field, however, show no such trend. In eight out of ten cases they are operating at peak levels, though without any evidence of major expansion programs. The other two followed a policy of curtailment from 1931 to 1934 but have since been expanding again. In the apparel and the auto supply fields even greater expansion is evident. In the shoe field, two of three major chains are still expanding rapidly. In the case of restaurants, however, three out of four have curtailed considerably. In the drug and cigar fields, bankruptcies have made long-range records difficult, but three of five chains are at their peak levels.

From these records, it should be evident that a marked difference is apparent between the chains in the grocery field and elsewhere. That one field, the one which alone accounted in 1935 for about 50,000 of the 140,000 chain outlets, records a universal and drastic policy of retrenchment in outlets. Probably filling station chains, for which I have no data other than that of the Census, show an even greater reduction. To be sure, individual chains in other fields are also reducing the number of units, but they are clearly exceptions. Most chains in other lines are holding at present levels or advancing to new peaks.

It is important to have one other set of facts in mind; that is, the record of sales. For nine major grocery chains, not including A. & P., whose figures are not available, sales in 1929 were $898 million. For 1937 they totalled $1,011 million, an increase of 13 per cent, this in the face of a greatly reduced number of stores. A similar story of increased sales is apparent in all the other fields, six out of nine variety chains having exceeded their 1929 level in sales but with the assistance of store expansion as well. The three shoe chains had sales in 1929 of about $55 million. In 1937, they totalled over $67 millions. Two drug chains have advanced from $62 to $90 millions and the leading auto supply chain has more than doubled its sales.

In all this record, the significant change seems to lie in the record of grocery chains. After a long established policy of seeking increased profits by increasing the number of outlets, A. & P. appears to have changed its policy in 1925. Sales for an average A. & P. store of $31,000 in 1924 were pushed up to $68,000 by 1929. It is perhaps a form of business sophistication to discover that an enterprise can reach the point of diminishing returns and that further increases in profits must come not so much from adding more units of like kind, but from the elimination of unprofitable units or activities. At any rate, grocery chains seem now to be clearly aiming at more volume per store than at more stores per chain. In many market areas single large stores are being substituted for clusters of smaller stores in the neighborhood. These new large units so closely resemble super-markets that experts disagree as to whether or not they should be included in the new category. I may summarize the new principle as "the way to strengthen a chain is to remove its weakest links."

Six-Year Gap

Inasmuch as evidences of the new policy first appeared in 1925, and the policy was generally adopted by 1931, it can hardly be blamed on the chain-store tax laws. Nevertheless, these have acted as a factor contributing to the enforcement of the trend and, furthermore, to driving an additional wedge between the records of the grocery chains and those in other fields.

The last few years have seen nearly one-half the State legislatures levy some special form of tax on chain stores. In general, the form taken is that of a graduated license or occupation tax levied annually, the rate increasing according to the number of stores in the chain in the State, although Louisiana started a new precedent by relating the rate to the total number of stores in the chain regardless of the location.

By the end of 1935, such taxes were in force in 16 States. Comparison of chain store outlets and sales in 1933 and 1935 should give some indication of the immediate effect of the new laws. That there is no universal reaction is shown by the strange case of Maine. To be sure, its law, since repealed, set a rather

low maximum rate of $150 for each store over 25 in the chain. However, from 1933 to 1935, the number of chain outlets in Maine increased more than in any other New England State, none of which had such laws. And Maine was one of the four States (it apparently has a habit of disliking to follow the majority) in the country in which chains increased their proportion of total sales.

Three of the chain-store tax States which showed the greatest reduction in the number of chain outlets are cases where the usual exemption for filling stations was omitted—Indiana, Iowa, and Colorado. However, despite major reductions in outlets, in not one of these States was the decline in the total volume of business done by chains particularly noticeable. In fact, in Colorado, despite a decrease of 26.8 per cent in outlets, the share of total business done by chains actually increased.

Taxes and Trends

In general, one is impressed by the absence of correlation between taxes and chain-store trends up to 1935 except in the filling station field. In that instance there was already considerable discontent among the refiners with their captive chain outlets, and they quickly transformed their status to that of landlord only, a device which apparently worked so well that it was adopted in States where no chain store tax laws existed. However, other chains seem to have been little affected up to 1935. At that time, there still remained legal controversies which have since been cleared away. The enactment of the Pennsylvania law in the Spring of 1937 at once brought announcements of closings by several of the leading grocery chain operators in that State.

It is obvious that the burden of the tax depends in large degree on the size and profit ratios of the stores operated by the chains concerned. Both grocery and shoe chains tend to operate small-scale outlets and groceries, in particular, with a thin margin of profit. In the grocery field, several of the major chains averaged as little as $40,000 sales per year per outlet; The Great Atlantic and Pacific Tea Company and Kroger Grocery and Baking Company are perhaps near $60,000; and Safeway Stores appears at the top with an average of over $100,000. Three leading shoe chains all fall slightly above the $50,000 per year level, although their profit margin is considerably above that for grocery stores. The limited price variety chains, however, run from $100,000 sales per store per annum up, with F. W. Woolworth Company at $150,000 sales per store and S. H. Kress and Company at the top with a $350,000 average. Drug, restaurant, and auto supply chains are also usually over the $100,000 size bracket.

To bring this generalization down to earth, let us make the severe assumption that the Louisiana tax law be enacted in all States, which would mean a tax of $550 per store per year. Assuming for The Great Atlantic and Pacific Tea Company the figure of 15,000 stores, and that is probably too high, the tax would be $8,250,000, or almost exactly one-half the net profits reported for 1937. Safeway Stores, Inc., with about 3,275 stores in 1937, would have a tax payment of $1,800,000 against a net profit of $3 million. However, F. W. Woolworth Company, the largest limited variety chain with its 2,000 stores, would pay $1,100,000 against a net profit for 1937 of $33 million. J. C. Penney Company, taken to represent the general merchandise field, with 1,500 stores, would pay $825,000 compared with 1936 net profit reported to be about $19 million. The Walgreen Company, in the drug field, with its 500 stores would pay $275,000, compared with a net profit of $2,750,000. And Melville Shoe Corporation, with its 700 Thom McAn, John Ward, and Frank Tod stores, would pay $385,000 of 1937 profits of $1,900,000.

These estimates indicate that the impact of the tax is greatest on the food and grocery chains, but even there is not clearly destructive. To the extent that individual States such as California and New York do not join the movement, and rates in other States are below the Louisiana basis, the burden will, of course, be appreciably less than the above estimates. On the other hand, if Congressman Patman succeeds in his program for a double-jointed tax law, multiplying the base rate by the number of States in which the chain operates, the above estimates of tax burden

EWING GALLOWAY

Harness hanging from the wall was as symbolic of the country general store as the checkerboard, for it was slow transportation which kept rural shoppers from going very often to the big towns.

With the development of the automobile, chain stores (opposite page) and other mass-distributors began to enjoy rural patronage. Later, of course, chain operators moved other stores to crossroad corners.

on chains will be sad under-statements.

While many other factors can be suggested as contributing to this bit of economic history, I should like to center my analysis around the proposition that mass distribution is primarily dependent upon price competition for customers to capture and hold its market. The grocery chains have seen their advantage disappearing, as voluntary groups have obtained the price differentials of mass buying for the independents. A further factor in the process of equalization is the influence of the Robinson-Patman Act, in leveling somewhat the treatment of purchasers. These advantages have, of course, been of considerable assistance in permitting lower selling prices to consumers.

The new defense, or perhaps we should say offense, is to achieve further economies through mass distribution in the individual outlet. The possibilities along this line have been demonstrated rather emphatically by the super-market. It is significant that what little we know about super-markets indicates that they have attracted customers away from the chains rather than from independent retailers, since the appeal of the new outlets is essentially in the area of price. Evidently there is a fraction of the public which can not be captured by a price appeal. Other things being equal, they may prefer the personal relationship and service of the neighborhood independent. Of course, a few serious shoppers are undoubtedly attracted by the super-market's permission for them to trundle their carriages about among the grocery items undisturbed by blandishment or blarney. But the chain store's prospective customers are essentially those in the population who can be attracted by price advantage either real or fancied.

Price Competition

This thesis is further supported by considering the other areas in which chains are still proceeding along well-established lines. By definition, the limited price variety chains operate their large units with a definite price appeal. They have so captured their market that competition from independents is negligible and their expansion is based on price competition with numerous specialty shops—hardware stores, stationery shops, and the like. The drug and auto supply chains are definitely low price operators, maintaining their positions in considerable measure through volume. The shoe chains usually have intimate relations with one or two manufacturers so that jointly they have developed a low price article relative to quality. Only in the grocery chain has the ability to maintain a price differential been seriously challenged by independent competitors.

As a final bit of supporting evidence, the record of the depression should be noted. As income fell, the percentage of total sales made by chains increased from 20.0 per cent in 1929 to 25.4 per cent in 1933. As incomes rose, the ratios fell to 22.8 per cent in 1935. There is some indication that this shift has a definite connection with the pressure on certain consumers to purchase more carefully. Rightly or wrongly, they believed that their dollars would go farther in chain stores. Price competition was, temporarily at least, the concern of more purchasers.

If my thesis is correct, that price competition in selling is the essential basis of chain distribution, then the independent store and the specialty shop have a definite assurance of survival. Price appeal, at least in the degree of differential which is feasible, can at most attract only part of the buying public. Various types of convenience and service will always be in demand. If chains increase their size of store *à la* super-market, they will stress price more and more and these other forms of attraction less and less. There is, therefore, a limit set by such economic forces to the extent to which present trends can go as to the further rise of the mass distributor. One other trend is important for this picture: that limit to the economic trends may be reached even more quickly if we do not wait for economic forces to act, but continue the trend of law-making, endeavoring to define our distributive structure by direct or indirect legislative action. The battle ground is as much political as economic.

GENDREAU

BUSINESS LIFE *and* DEATH IN A HUDSON RIVER TOWN

THE MORTALITY RECORD OF BUSINESS ENTERPRISES IN POUGHKEEPSIE, N. Y., FROM 1843 THROUGH 1936

A LITHOGRAPH OF POUGHKEEPSIE, N. Y., IN 1851 BY E. WHITEFIELD. COURTESY NEW YORK PUBLIC LIBRARY

RUTH GILLETTE HUTCHINSON, ARTHUR R. HUTCHINSON, and MABEL NEWCOMER [1]

THE length of life of the ordinary small business enterprise is notably short, and the causes of this high business turnover have frequently been analyzed. The fact that only a fraction of new businesses survive for twenty, or even for ten, years is sufficient evidence that the death or retirement of the proprietor is not responsible for the termination of the majority of these enterprises. Most of them fail in a comparatively short time or are so unsatisfactory to their owners that they are abandoned after a brief period.

Any reference to careful studies of the problem shows that the reasons for failure are many; but the reason that has been most emphasized in popular discussion recently is the inability of the small concern to compete with big business. The belief that the troubles of the little business man have been caused in large measure by competition from the large corporation is, at least in part, responsible for the recent wave of chain-store taxes in this country and is a factor in our monopoly investigation and anti-trust legislation. A comparison of the length of life of small business enterprises before the days of big business with the length of life of such enterprises in the same community today ought to throw some light on the importance of big business as a cause of failure of the small concerns.

This study covers a period of nearly one hundred years, 1843 through 1936. It includes all business enterprises listed in the Poughkeepsie, N. Y., directories for this period, excepting public util-

[1] This study was planned and the larger part of the data for it had been gathered by Ruth Gillette Hutchinson, Vassar College, before her death in 1936. The study has been completed under the direction of Arthur R. Hutchinson and Mabel Newcomer. The latter is solely responsible for the conclusions drawn from the data. A substantial part of the data included in this article has appeared in "A Study in Business Mortality" by the same authors in the September, 1938, issue of the *American Economic Review*, and is reproduced here through the courtesy of that publication. Specifically, all the data in Tables I, II, and V (in somewhat different form) and part of the data in Tables III, VII, and VIII, have been published in the *American Economic Review* study.

ities and financial concerns. All the information was taken from the main body of the directory, since the classified section was found to be incomplete. A business unit was defined as one listed separately from the individual operating the business, even though both had the same address. If one man listed two business enterprises at the same address the first was used. If he listed two business enterprises at different addresses both were used. When an enterprise disappeared it was checked for at least the three years following to make sure that it had not been omitted by accident. If it reappeared within two years it was assumed to have been continuous during this period unless there was evidence to the contrary. The fact that such apparent omissions rarely occurred gives some assurance as to the dependability of the data for the purpose in hand.

Less Than a Year

The directories were published annually through this period, with the exception of the seven years 1846-1847, 1854-1855, 1857-1858, 1858-1859, 1861-1862, 1863-1864, and 1930-1931. Adjustments have been made for these missing years. The only serious shortcoming of the data is believed to be the omission of concerns beginning after the directory canvass for one year was completed and ending before the canvass for the year following. If these could be included the length of life of these Poughkeepsie enterprises would be found to be even shorter than this study indicates.

The data cover an area wider than the boundaries of the city, but still a continuous community. The community long ago outgrew the narrow city limits, and, while the boundaries have been changed within recent years, the built-up area still overflows these limits. When comparisons are made on a population basis the population figure used has been that for the city and the four surrounding towns. None of these towns contains an incorporated village, or a business district of any importance. It seems reasonable, therefore, to assume that this population is largely dependent on the business concerns listed.

The population of this area increased from 16,832 in 1840 to 59,113 in 1930. Poughkeepsie has been a trading center for the surrounding agricultural area throughout this period; and manufacturing has played an important part in the city's development. The character of manufactures has changed, however. Lumber mills, iron foundries, and other heavy industries predominated in the 1840's. Today, clothing and other light industries play an important part in manufactures, although a substantial amount of heavy industry remains. Manufacturing employed 40 per cent of the gainfully occupied population in 1929. In 1840, with no railroad, the river was important for transportation, but it is used by only a small number of concerns now.

The length of life of business enterprises during the entire period is given in Tables I and II. In Table I the business is assumed to be continuous as long as its identity can be traced. This is usually possible as long as it remains

I. Length of Life of Enterprises Established Between 1844 and 1926

(Not Counting Change in Proprietorship as a New Enterprise)

Years of Life[1]	Wholesaling	Manufacturing	Retailing	Craft	Service	Total
	Number of Enterprises					
	157	945	4,998	1,315	2,618	10,033
	Per Cent	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*
1 or less	19.7	23.1	29.6	30.7	32.7	29.8
2 or less	29.3	34.6	43.8	45.4	45.7	43.4
3 or less	37.6	46.9	53.2	55.1	55.1	53.1
5 or less	51.0	60.2	64.3	66.0	66.9	64.5
10 or less	68.8	74.7	78.2	79.1	81.2	78.6
Over 10	31.2	25.3	21.8	20.9	18.8	21.4
Over 20[2]	16.7	12.6	9.9	9.2	8.1	9.7

[1] Those concerns classified as living one year have been found in the directory for one year only. It is apparent that the actual existence of these concerns may vary from a period of considerably less than one year to a period of nearly two years. Likewise, those concerns classified as living two years have appeared in two successive directories and may have been in existence for a period of a little over one year to one of nearly three years.

[2] The number of concerns on which these percentages are based was reduced from 10,033 listed above to 7,786, since all the concerns starting in the last 20 years had to be omitted.

II. Length of Life of Enterprises Established Between 1844 and 1926

(Counting Change in Proprietorship as a New Enterprise)

Years of Life[1]	Wholesaling	Manufacturing	Retailing	Craft	Service	Total
	Number of Enterprises					
	183	1,194	5,567	1,423	2,855	11,222
	Per Cent	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*
1 or less	22.4	24.0	32.5	31.9	32.9	31.5
2 or less	32.2	37.1	45.8	46.7	47.2	45.2
3 or less	43.7	49.8	55.0	56.5	56.8	55.0
5 or less	57.9	63.2	66.2	68.1	69.0	66.7
10 or less	74.9	78.6	80.7	81.9	83.4	81.3
Over 10	25.1	21.4	19.3	18.1	16.6	18.7

[1] See table I, note 1.

in one family. In Table II every change in proprietorship is considered a new business. This latter assumption reduces the average length of life, but the difference is not very great, in spite of the fact that this assumption increases the number of cases by more than 10 per cent.

The classification of business enterprises used in these tables follows that found in the *Census of Occupations*, except for the segregation of crafts from manufacturing and trade. Crafts have been defined as those concerns that both make their product to sell it at retail—often to order. Where craftsmen sell both their own products and products purchased for resale, as occasionally happens, the line between craft and retail is not clear, but comparatively few cases were found for which the classification was doubtful. There is, of course, no certainty that the descriptions that individuals have chosen for their businesses are accurate.

Infant Rate

The total number of enterprises found for the entire ninety-four year period was 12,725. To determine length of life, however, it was necessary to omit those concerns listed in 1843, since their previous history was not obtainable. It was also necessary to omit those concerns appearing in the last years of the period—ten years for the data appearing in Tables I to IV, and three years for the data appearing in Tables V and VI.

It is apparent from the data given in Tables I and II that the "infant death rate" for the period as a whole is very high. Nearly 30 per cent of the enterprises starting during this period lasted one year or less according to the measure used in Table I, and more than 30 per cent according to the measure used in Table II. More than half the concerns failed to reach a fourth year by either measure; approximately two-thirds disappeared in five years, four-fifths in ten years, and more than nine-tenths in twenty years.

Wholesale businesses lived longer than any other type, manufacturing ranked second, and retailing third. The craft and service establishments had the highest mortality. Nearly one-third of the latter failed to survive the first year. A substantial proportion of these service enterprises are saloons and restaurants, which, as indicated in Table III, seem to be extremely short-lived businesses.

The variations in length of life for different types of enterprise suggest that there is a direct relationship between the length of life and size. Craft and service businesses are usually carried on with relatively little capital. Manufacturing and wholesaling concerns, on the contrary, normally operate on a much larger scale. This fact is apparent from the nature of the business involved. It is also indicated, for wholesale, retail, and service enterprises, by the figures for average gross sales and number of employees given in the 1935 *Census of Business*.

Ten Kinds

The ten kinds of business that appear most frequently among the concerns studied have been separately tabulated in Table III. Among these, confectionery stores, restaurants, and saloons have the highest mortality in the first ten years, and barbers and express services have the lowest.

If the six kinds of business selling commodities (confectionery stores, cigar stores, grocery stores, meat markets, saloons, and restaurants) are ranked in order of size of business, (using, as the test of size, average gross sales for the United States as a whole in 1935) it appears that the larger the average gross sales the lower the mortality in the first year. The only exception to this is in the case of cigar stores, which have lower mortality in the first year than either meat markets or restaurants, and smaller average gross sales. By the end of the third year cigar store mortality exceeds that of meat markets, and over a period of twenty years it is higher than that of restaurants.

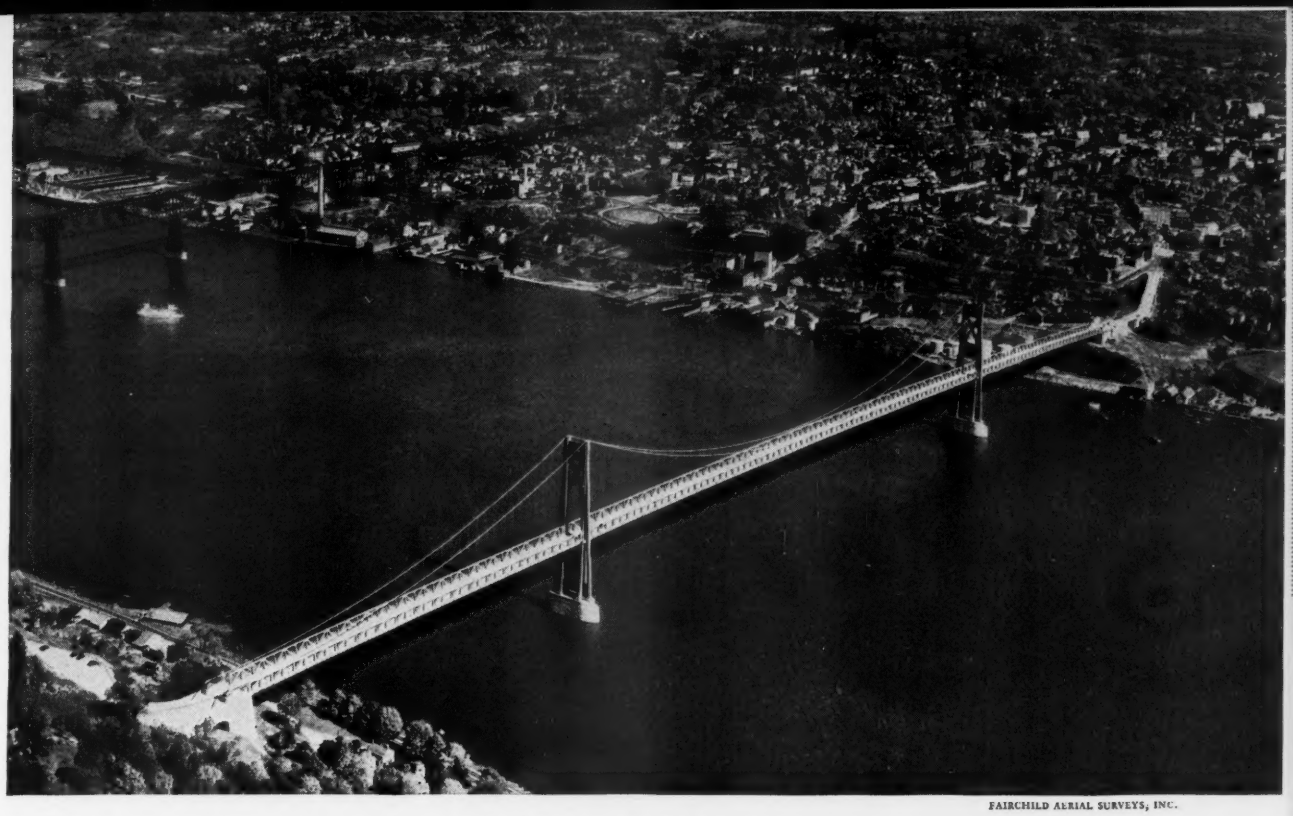
III. Length of Life of Ten Kinds of Retail Enterprises Established Between 1844 and 1926

(Not Counting Change in Proprietorship as a New Enterprise)

Years of Life[1]	Confectionery Stores	Cigar Stores	Grocery Stores	Meat Markets	Saloons	Restaurants	Express Service	Shoemakers	Tailors	Barbers
	Number of Enterprises									
	325	230	1,218	323	641	409	175	331	263	278
	Per Cent	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*
1 or less	44.0	33.5	29.4	35.0	36.7	35.0	21.1	30.2	37.3	25.9
2 or less	60.6	46.5	44.2	47.7	51.8	48.0	30.8	45.3	51.8	36.0
3 or less	72.3	57.4	54.4	55.1	61.0	59.0	39.4	54.7	60.5	44.3
5 or less	81.5	72.1	64.6	65.0	72.1	71.7	51.4	64.0	71.1	57.2
10 or less	92.0	86.1	77.7	78.3	87.2	87.8	72.6	77.9	82.9	66.9
Over 10	8.0	13.9	22.3	21.7	12.8	12.2	27.4	22.1	17.1	33.1
Over 20[2]	2.0	3.9	8.1	9.9	3.1	5.2	8.7	7.9	7.9	2.0

[1] See table I, note 1.

[2] The number of enterprises is smaller for this group than that given above, since all concerns starting in the last 20 years had to be omitted.



FAIRCHILD AERIAL SURVEYS, INC.

The old and the new in bridge design contrast where the Mid-Hudson Bridge strides the river to Poughkeepsie, N. Y.

Of the four types of business selling services primarily, data on gross sales are available only for express service and shoemakers. These have average gross sales that are substantially smaller than the gross sales of any of the types of business selling commodities, and a markedly lower mortality. The test of size fails to apply here; but since the sales are of services rather than commodities, it is apparent that smaller average gross receipts may yield a larger net return for the proprietor than in enterprises selling commodities.

Small Failures

The fact that the smaller concern usually has the higher mortality does not, of course, explain the higher mortality. This may possibly be attributed to the fact that when large amounts of capital are invested the enterprise is more carefully considered. The average business man with small resources probably lacks both the experience and the opportunities of the larger capitalist and tends to enter an overcrowded field in active competition both with many similar small concerns and with larger and better organized enterprises backed with more capital.

Under certain conditions, the fact that little capital is needed may be of assistance in continuing a business rather than a handicap. The barber and the expressman have smaller cash expenditures from week to week than the grocers and confectioners. And there is no loss from unsalable goods.

Even within a retail trade the small concern may have advantages. For example, the "parlor grocery," set up in the front room of the home, may cramp the family's style of living, but it adds nothing to rent. And if it is tended by members of the family not otherwise employed there is no labor cost. If, finally, the stock of goods can be obtained on credit, and returned if unsold, financial failure is practically impossible. Enterprises of this nature will not be discontinued merely because they fail to yield a living wage. They can exist indefinitely.

It has not been possible to isolate the "parlor groceries" as such. Stores can be classified, however, according to whether the proprietor and the store have separate addresses or the same address. For this purpose a sample was taken of all grocery stores in existence in the years 1873 to 1876 inclusive, and 1923 to 1926 inclusive—more than 400 in all. Chain stores were excluded and the remainder were classified as stores with the same address as the proprietor and stores with separate addresses. The majority of stores (54 per cent in the earlier period and 66 per cent in the later period) had the same address as the owner. The home stores for both periods showed a lower mortality than the separate stores. For the stores of both periods combined, 64 per cent of the home stores survived the third year, as compared with 59 per cent of the separate stores.

Training

Another factor which might be closely related to the success or failure of these small enterprises is the training of the proprietor for the business in question. It is often possible to trace

in the directories the immediately preceding occupation of the owner of the new enterprise. This was done for 322 proprietors starting grocery stores, meat markets, saloons, confectionery stores, or cigar stores in the periods 1873-1876 and 1923-1926. Of this group less than two-fifths had been engaged in "related occupations," defining this term to cover proprietors or clerks in any retail concern, and manufacturers or wholesalers of the product sold by the retail enterprise. Nearly one-fifth of the group had previously been unskilled laborers. The difference in length of life between the enterprises operated by owners with some training for the business and those apparently without training was not significant. Sixty per cent of the former group survived the third year as compared with 58 per cent of the latter. It is highly probable that there is a closer relationship between training and success than these figures indicate. The data, limited as they are to the immediately preceding occupation, are quite inadequate for the purpose.

A further element that may influence the length of life of business concerns is the form of organization. It is to be expected that corporations will, on the whole, outlive individual enterprises and partnerships. This was found to be true. Only 3 per cent of all the 12,618 enterprises listed were incorporated,[2] although for manufacturers the proportion incorporated exceeded 10 per cent. The longevity of the corporation is shown in Table IV. The fact that the longer-lived types of enterprises—specifically in manufacturing and wholesaling—are also those with the larger proportion of corporations is not responsible for these differences. On the contrary, the proportion of manufacturing corporations surviving ten years is slightly smaller than the proportion of unincorporated manufacturing enterprises surviving ten years. Table IV shows that even among the corporations half have lived five years or less.

IV. Length of Life of Corporations Compared with All Enterprises, 1844-1926

Years of Life[1]	All Enterprises *Per Cent*	Corporations *Per Cent*
Over 10	21.4	29.3
Over 5	35.5	46.2
Over 3	46.9	59.0
Over 2	56.6	70.7
Over 1	70.2	83.9

[1] See table I, note 1.

[2] The directories do not give the form of organization. They do, however, give proprietors or other responsible officials so that there is rarely any doubt as to whether a concern is incorporated or not.

V. Length of Life of Enterprises by Type of Function in Three Thirty-Year Periods, 1844-1933

Kind of Business	Living One Year or Less[1]			Living over Three Years		
	1844-1873 *Per Cent*	1874-1903 *Per Cent*	1904-1933 *Per Cent*	1844-1873 *Per Cent*	1874-1903 *Per Cent*	1904-1933 *Per Cent*
Wholesaling	43	19	18	29	71	65
Manufacturing	25	24	22	52	50	56
Retailing	34	27	30	40	51	47
Craft	33	29	29	38	50	51
Service	42	28	30	36	51	47
Total	34	27	29	40	51	48

[1] See table I, note 1.

Competition

The importance of big business competition as a factor in the mortality of the small concern can only be tested by comparing the length of life of the business enterprises in the early years of the period, when competition from chain stores and other large business enterprises was at a minimum, with the length of life of business enterprises in the later years of the period when such competition was greatest. For this purpose the business enterprises have been divided into three thirty-year groups according to the year in which they were started. Differences in length of life in these three periods for different types of business, and for some specific kinds of business of the same type, are given in Tables V and VI.

It is apparent from the data in Tables

VI. Length of Life of Ten Kinds of Retail Enterprises in Three Thirty-Year Periods, 1844-1933

Kind of Business	Living One Year or Less			Living over Three Years		
	1844-1873 *Per Cent*	1874-1903 *Per Cent*	1904-1933 *Per Cent*	1844-1873 *Per Cent*	1874-1903 *Per Cent*	1904-1933 *Per Cent*
Confectionery Stores	47	50	44	20	29	24
Cigar Stores	37	31	38	44	45	35
Grocery Stores	39	20	29	35	57	46
Meat Markets	43	40	29	43	36	51
Saloons	49	30	43	28	48	30
Restaurants	60	31	32	21	41	44
Express Service	43	16	24	39	64	56
Shoemakers	34	28	28	38	52	51
Tailors	46	29	35	25	51	51
Barbers	35	25	25	49	56	55

V and VI that the period in which business concerns as a whole enjoyed the longest life was the middle period, 1874 to 1903, and the period of highest infant mortality was the earliest period, 1844 to 1873. Considering the different types of business, the length of life is greater for each in the latest than in the earliest period. This is true even for the saloons, which came to an untimely end with prohibition. The greater longevity in the latest period might be accounted for by the larger size of the average unit in this period if it were not for the fact that the average longevity in the middle period was even greater than in recent years. Moreover, the crafts, which are still small in size, and which have presumably suffered from competition of large-scale manufacture on the one hand, and of large retail stores on the other hand, show a steady and marked increase in longevity through the three periods.

Mortality Lower

In short, if the growth in average size of Poughkeepsie business units has tended to prolong their lives, their longevity should have increased in each thirty-year period over that preceding. Instead longevity has decreased in the latest period. And if competition with large-scale business from outside has tended to increase business mortality, this mortality should have been greater in the latest period than in the earliest. Instead it was appreciably smaller.

Considering the effect of chain-store competition, in the period 1844 to 1873 chain stores had scarcely made their appearance. The first Atlantic and Pacific Tea Company in the city began business in 1885. Yet the length of life of the average retail concern was materially shorter than in the latest period, 1904 to 1933, during which there was substantial chain-store competition. This was true for retail business as a whole and for specific kinds of retail business subject to chain-store competition in the later period, including grocery and confectionery stores and meat markets. Cigar stores are the only exception among the groups measured.

In measuring the length of life of specific retail businesses, chain stores have been omitted, lest the longer life of these conceal a tendency toward increasing mortality among the independent stores. Clearly there is no such tendency. The small independent store has lived longer in the twentieth century, in spite of chain-store competition, than it lived in the middle of the nineteenth century in the absence of such competition. The chain store doubtless contributes to the difficulties of the independent today, but the chain store is clearly not the source of the small retailers' troubles. And the explanation of these long-time trends in business mortality must be sought elsewhere.

Conditions

Changes in general business conditions will, of course, affect business mortality from year to year. In the absence of any index of local business conditions the annual variation in the number of going concerns has been compared with the Cleveland Trust Company index of industrial activity. With few notable exceptions the deviations from trend in the number of Poughkeepsie concerns followed approximately the deviations in the industrial activity index. Nevertheless, the first period was both the period of highest business mortality and the period in which there were the largest number of months of greater-than-normal business activity.[3]

The only indicator of local business conditions is the rate of population growth. The population of the city and of the adjoining towns increased 81 per cent between 1840 and 1870, 19 per cent between 1870 and 1900, and 62 per cent between 1900 and 1930.[4]

Presumably local business flourishes most in the periods of greatest population growth. Yet business mortality was highest in the period of greatest growth and lowest in the period of least growth. This is probably not accidental. The rapid increase in population may readily over-stimulate the initiation of new enterprises among which the mortality is high. And the comparatively stable population may discourage new enterprises.

A Stable Period

Reference to Tables VII and VIII will show that the number of business units actually declined between 1873 and 1903, and that, in consequence, the number of people per business establishment increased. With a larger number of people to serve, the position of the surviving concerns becomes more secure. To what extent the decrease in the number of business units may be attributed to the relative stability of

VII. Number of Enterprises in Operation in Specified Years

Year	Wholesaling	Manufacturing	Retailing	Craft	Service	Total
1843	..	45	186	119	43	393
1873	10	123	396	89	158	776
1903	20	84	394	89	183	770
1933	58	113	859	202	509	1,741

Year	Confectionery Stores	Cigar Stores	Grocery Stores	Meat Markets	Saloons
1843	7	3	49	12	4
1873	9	22	72	20	48
1903	8	19	93	27	53
1933	58	34	204	41	..

Year	Restaurants	Express	Shoemakers	Tailors	Barbers
1843	7	5	37	23	4
1873	8	5	23	15	20
1903	17	18	22	19	38
1933	89	69	43	49	68

[3] In the first period there were 227 months above normal, in the second period 214, and in the third period 199. The periods used for this computation are 1844-1876, 1874-1906, and 1904-1936, since a concern starting in 1873, say, and ending in 1876 would be influenced by business conditions in the latter year, although grouped with business concerns beginning in the period 1844-1873.

[4] There is some question as to the reliability of the 1870 population figure. Even if it was overstated by approximately 1,000 cases, as local historians claim (see, *e.g.*, E. Platt, *The Eagle's History of Poughkeepsie from the Earliest Settlement, 1683 to 1905*, p. 210), the earliest period still shows the greatest population increase and the middle period the least.

VIII. Number of People in Poughkeepsie, N. Y., for Each Enterprise in Specified Years [1]

Year	Wholesaling	Manufacturing	Retailing	Craft	Service	Total
1843	....	399	96	151	417	46
1873	3,074	250	78	345	195	40
1903	1,910	455	97	429	209	50
1933	1,063	545	72	305	121	35

Year	Confectionery Stores	Cigar Stores	Grocery Stores	Meat Markets	Saloons
1843	2,563	5,981	363	1,495	4,485
1873	3,415	1,397	427	1,537	640
1903	4,774	2,010	411	1,415	721
1933	1,063	1,813	302	1,503	...

Year	Restaurants	Express	Shoemakers	Tailors	Barbers
1843	2,563	3,588	485	780	4,485
1873	3,842	6,147	1,336	2,050	1,537
1903	2,247	2,122	1,736	2,010	1,005
1933	693	893	1,433	1,258	906

[1] The population figure used is that for the city and four surrounding towns. It has been assumed that the increase in population between census years is equal in amount each year.

the population cannot be determined from the available information.

The data for this study reveal clearly that the great majority of small business enterprises in Poughkeepsie during the period under consideration have been unsuccessful. Nearly two-thirds of the enterprises recorded were terminated within five years, and it is not reasonable to suppose that any large number of prospering enterprises would be discontinued within so short a period. Similar studies for other communities indicate that this high death rate is not peculiar to Poughkeepsie. On the contrary, Poughkeepsie enterprises make a relatively favorable showing.

Who Lives?

The causes of failure can only be inferred, owing to the nature of the data, but some generalizations seem to be warranted. The difference in average length of life for different types of business and for different kinds of organization indicate that those concerns with larger capital live somewhat longer than the smaller units. Among the small units, the advantage lies with those having the smaller cash outlays. Thus the craft establishment has the better expectation of life than the retail one; and among retail establishments those that do not require a separate establishment from the home, with all the additional costs involved, have a better expectation of life than the separate establishments.

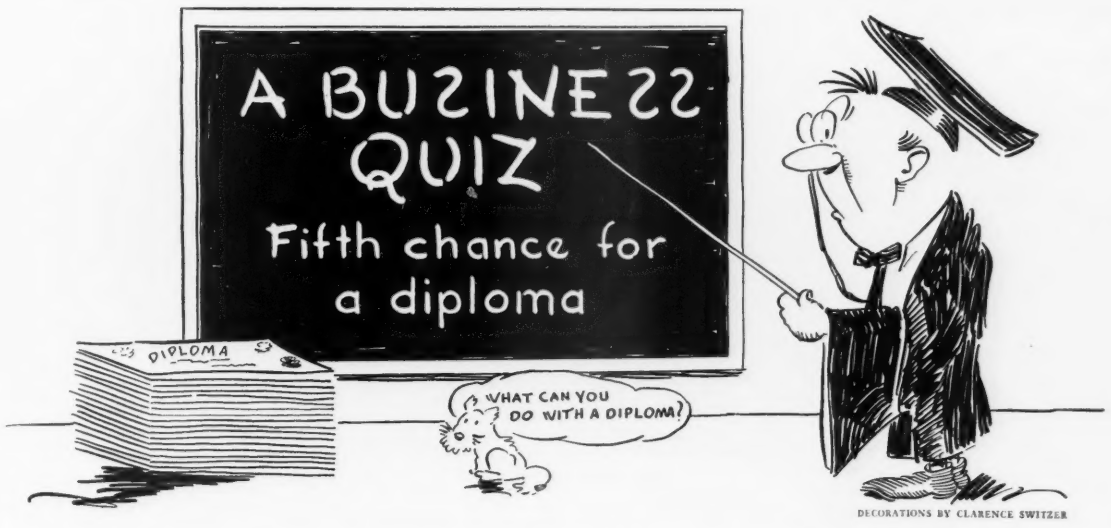
The frequency with which individuals from unrelated occupations turn to the establishment of a small business enterprise suggests that inadequate training for the business is common. The relation of this lack of training to the life of the enterprises established by these individuals, however, has not been demonstrated in this study.

The relatively longer life of concerns in the middle period, when the number of units was declining in proportion to the population, suggests overcrowding (of businesses) as an important cause of the high mortality. A substantial number of small units can readily be justified by such special services as convenient location and remaining open evenings and on holidays.

Not New

The most important finding of the study, probably, is that business mortality has not increased, even for the small concern, with the growth of large-scale business, and especially with the development of the chain store. The appallingly high death rate which is revealed in this study of Poughkeepsie enterprises is not a product of twentieth century business methods. In fact, it seems quite possible that if the large concerns were to be eliminated, the average length of life of the small concerns would be shortened rather than lengthened, since this might encourage even less efficient concerns to compete.

EWING GALLOWAY



DECORATIONS BY CLARENCE SWITZER

BUSINESS Quiz the fifth brings all things and reverts to the buckshot type of the first two. Specialization was all very well in the Winter just passed, when the third quiz was rigged up for the law-conscious and the fourth was aimed squarely at travelling men—drummer or coast-to-coasting executive. But for these fair days when you are trying to get to the first tee by four-thirty, here's one you can dash right off.

Par on this standard-length course is 72. There are 25 questions, but at the most there are only 18 real holes. Each question is worth four points. Conscience or no conscience, all good guesses count for you. Answers are on page 47. Readers who score 100 are eligible to receive one of those elusive DUN'S REVIEW diplomas, a suitably engraved Certificate of Distinction, if they submit appropriate testimony, with witnesses.

1. "Wasting assets" is a term applied to
   - ☐ A. Intangibles like patents and good-will
   - ☐ B. Assets with an excess book value
   - ☐ C. One kind of fixed asset
   - ☐ D. One kind of management

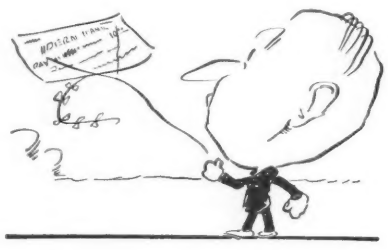
2. The administrator of the Fair Labor Standards (wages and hours) Act is
   - ☐ A. J. Warren Madden
   - ☐ B. Matthew Woll
   - ☐ C. Edward F. McGrady
   - ☐ D. Elmer F. Andrews

3. In the realm of commodities citronella is classed with
   - ☐ A. Essential oils
   - ☐ B. Crude drugs
   - ☐ C. Aromatic chemicals
   - ☐ D. Vacation specials

4. The blanket, countervailing tariff added by the U. S. Treasury Department in March to duties on imports from Germany amounted to
   - ☐ A. 25 per cent
   - ☐ B. 40 per cent
   - ☐ C. 50 per cent
   - ☐ D. 75 per cent

5. Apex stockings became news this year just as Danbury hats became news in 1908 because
   - ☐ A. They were the most conspicuous articles of clothing in Easter parades
   - ☐ B. The manufacturers granted all workers one week's vacation with pay
   - ☐ C. Workers who made them were told by a court to pay a substantial sum to their employers
   - ☐ D. They were guaranteed to be holeproof for a year

6. The popular symbol NBC does not stand for a well-known
   - ☐ A. Broadcasting system
   - ☐ B. Battery company
   - ☐ C. Two-wheel vehicle company
   - ☐ D. Cracker company



7. Revolving credit is a term applied to
   - ☐ A. Kiting checks
   - ☐ B. Credit which again becomes available to the same amount when an earlier obligation is liquidated
   - ☐ C. Business transactions wherein two persons give credit to each other
   - ☐ D. Charge accounts

8. In balance sheet analysis the "acid test" involves a comparison of
   - ☐ A. Current debt with tangible net worth
   - ☐ B. Net working capital and funded debt
   - ☐ C. Tangible net worth and fixed assets
   - ☐ D. Current liabilities and current assets, less merchandise

9. Of all consumer purchases made by city-dwellers, those families with incomes of less than $2,000 a year account for approximately
   - ☐ A. 25 per cent
   - ☐ B. 35 per cent
   - ☐ C. 45 per cent
   - ☐ D. 55 per cent

10. "Lying days" are
    - ☐ A. Days when construction machinery lies idle
    - ☐ B. Days occupied in loading and unloading a ship
    - ☐ C. Days that a ship lies in quarantine
    - ☐ D. The first of each month

11. The fastest time on a regular-fare train from Chicago to San Francisco is about
    - ☐ A. 60 hours
    - ☐ B. 62 hours
    - ☐ C. 65 hours
    - ☐ D. 68 hours

12. Of all food sold at retail, wholesaler- or retailer-sponsored chains account for about
    - ☐ A. 10 per cent
    - ☐ B. 20 per cent
    - ☐ C. 30 per cent
    - ☐ D. 40 per cent

13. In outlining its views on stock exchange members' advertising the NYSE Committee on Public Relations
    - ☐ A. Proscribes the use of pictures
    - ☐ B. Asks that the dignity of the Exchange be maintained at all costs
    - ☐ C. Does not suggest any limits upon the scope of imagination and ingenuity employed
    - ☐ D. Suggests that all ads be less than a full newspaper page in area

14. A Class I railroad is one which
    - ☐ A. Has operating revenue of $1,000,000
    - ☐ B. Has a bar in every club car
    - ☐ C. Engages in interstate commerce
    - ☐ D. Operates 1,000 miles of track

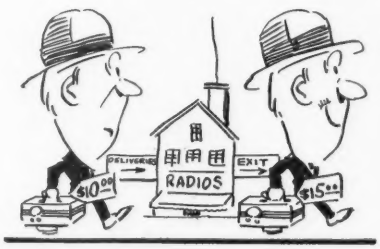
15. The number of new enterprises which show their heads each year is approximately
    - ☐ A. 100,000
    - ☐ B. 200,000
    - ☐ C. 300,000
    - ☐ D. 400,000

16. A letter containing a libel which is addressed to the person libeled is not actionable
- ☐ A. *If not read by a third person*
- ☐ B. If read by a third person
- ☐ C. *If read by the sender's secretary*
- ☐ D. If the person addressed is a corporation, no matter how many read it

17. The Walsh-Healey Act has to do with
- ☐ A. Resale-price maintenance
- ☐ B. Immigration from Ireland
- ☐ C. Labor standards for Government supply contracts
- ☐ D. *Foreign trade under the Sherman Act*

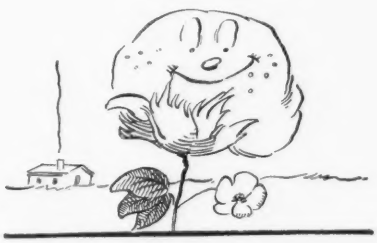
18. The proportion of enterprises employing more than 100 workers is about
- ☐ A. 3 per cent
- ☐ B. 5 per cent
- ☐ C. 7 per cent
- ☐ D. 9 per cent

19. A revenue bond is one issued
- ☐ A. By a municipality in anticipation of revenue from delinquent taxes
- ☐ B. By a governmental body and self-liquidating from revenues of the project undertaken
- ☐ C. By a corporation, with provision for participation in its earnings
- ☐ D. By the Federal Government to maintain the Bureau of Internal Revenue



20. If a retailer buys a radio for $10 and sells it for $15 his mark-up is
- ☐ A. 33 per cent
- ☐ B. 50 per cent
- ☐ C. 67 per cent
- ☐ D. Not very good

21. The Chandler (new bankruptcy) Act provides that creditors and security holders' assets to a reorganization plan may be sought
- ☐ A. Whenever they get over the shock
- ☐ B. *As soon as creditors have established* the validity of their claims
- ☐ C. *Only after the court has approved the* plan
- ☐ D. *Only after the court has approved and* the creditors have received a copy of the plan from the trustee



22. Spot cotton is cotton which
- ☐ A. Has not had the seeds combed out of it
- ☐ B. Is ready for immediate delivery
- ☐ C. Can be made up easily into a polka-dot fabric
- ☐ D. Is for future delivery

23. The Federal Deposit Insurance Corporation insures individual bank deposits up to
- ☐ A. $500
- ☐ B. $1,000
- ☐ C. $5,000
- ☐ D. $10,000

24. If you were the average Pullman passenger last year the average length of your journeys was nearest
- ☐ A. 1,000 miles a trip
- ☐ B. 500 miles a trip
- ☐ C. 250 miles a trip
- ☐ D. 100 miles a trip

25. Nylon would be useful to you if you
- ☐ A. Ate it
- ☐ B. Wore it
- ☐ C. Went hunting
- ☐ D. Were planning a world's fair

SWING HIGH, SWING LOW *with the* MUSICAL INSTRUMENTS INDUSTRY

WHAT RADIO DID, AND DID NOT, HAVE TO DO WITH THE SLUMP IN OTHER PRODUCTS IN THE MIDDLE 1920's AND THEIR MORE RECENT RECOVERY

JOHNSON HEYWOOD

IN THE middle 1920's, when the sales of most musical devices except radio were slumping badly, anyone in any branch of the music industry would tell you without qualification that the trouble was due to the radio. Later, with everything except player pianos and their rolls coming back nicely, radio was given the bulk of the credit. Both diagnoses were only partly right. Therein is food for thought by business men in more prosaic lines than music.

The radio had something to do with the rest of the industry's slump. So did skillful propaganda have something to do with its recovery. So did the usually futile butting of the head against a stone wall by an advertiser who refused to believe, as the diagnosticians insisted, that his business was as dead as a door-nail. Finally, the ups and downs of the music industry can be traced to several deep-lying economic and psychological factors which at the time were largely unsensed by anyone.

No Orchestras

This discussion of the music industry includes only that part which is comparable to other industries—that is, the manufacture and distribution of music-making devices, leaving out the actual bands and orchestras, the theatrical side, and sheet music. It includes pianos, piano players, piano player rolls, band and orchestra instruments, organs, phonographs, and their records. It is hard to classify radio receiving sets. Strictly speaking they are not music producers, although from the point of view of the listener they amount to the same thing. But it is necessary to remember that radios are used for the reception of other things than music. Whether they can be classed primarily as musical instruments is anybody's

GENDREAU

In addition to more or less impromptu groups which meet behind hedges there are a million and a half children who are members of school bands and represent the most important market for instruments.

Production of Musical Instruments, 1914-1937

(Value f.o.b. Factory, Millions of Dollars; Census of Manufactures *Data*[1]*; 1929 Figures Are "Sales")*

	1914	1919	1921	1923	1925	1927	1929	1931	1933	1935	1937
Pianos	36.0	40.5	27.0	42.6	39.0	35.4	25.1	12.0	6.6	17.0	25.3
Piano Players	20.3	55.3	39.3	61.8	54.7	31.8	12.9	..[2]	..[3]	..	..
Piano Player Rolls	0.8	3.1	2.1	5.3	6.1	3.2	2.6	0.4	..[3]	0.2	..
Organs	6.4	6.6	9.5	10.2	13.2	17.2	11.5	5.5	..[3]	1.6	4.8
Band and Orchestra Instruments	3.6	8.8	10.8	13.6	18.2	15.3	11.5	6.6	..[3]	7.6	9.8
Phonographs	15.3	91.6	38.6	57.0	22.6	49.2	43.0	2.5	1.9	8.4	7.1
Phonograph Records	11.1	44.7	47.8	36.3	26.8	31.8	34.1	7.7	2.5	3.7	6.6
Radios and Loudspeakers[4]	..	..	..	18.9	112.3	114.0	283.8	117.4	70.6	132.2	172.2

[1] Figures given for "Pianos" for 1931 through 1937 are "Sales," reported by the National Association of Musical Merchandise Manufacturers.
[2] Not available.
[3] Not separately reported for 1933.
[4] Because of a change in *Census of Manufactures* classifications beginning with the census for 1931, figures for 1931 through 1937 are not comparable with figures for 1923 through 1929. Also, up through 1929 combination radios and phonographs are included in the "Phonograph" totals, from 1931 through 1937 with "Radios and Loudspeakers."

guess. But that they have had an immense influence on the music industry proper is beyond doubt.

The tabulation of production of musical instruments, above, gives census figures at manufacturers' prices. It is estimated that retail figures would be about double the amount. Notice especially what happened to the sales of all instruments other than radio about 1925 when radio began to get into its real swing. The sale of pianos began to fall off, phonograph records dropped to two-thirds of what they had been in 1923, and phonographs tumbled nearly to one-third. That, please remember, was four years before the stock market smash and eight years before the bottom of the depression in the industry was reached.

Nearly everyone gets some enjoyment from listening to music. The potential market is therefore almost as universal as the market for food. Of course, there is a good deal of difference of opinion as to what constitutes music. You and I may get a kick out of swing or ragtime, or become fondly sentimental over "Silver Threads Among the Gold" or "Sweet Adeline." A self-styled music lover will hardly admit that what we like is music. They see us as mere fodder for education in music appreciation. There is no end of fol-de-rol in music, and snobbishness is rampant.

Snobs and Pianos

This snobbishness has run over into the marketing of some instruments—pianos for example. Thirty years ago a child could hardly avoid taking music lessons, usually on the piano. Playing the piano, even poorly, was a necessary social grace. *Owning* a piano was a prerequisite to any decent social standing.

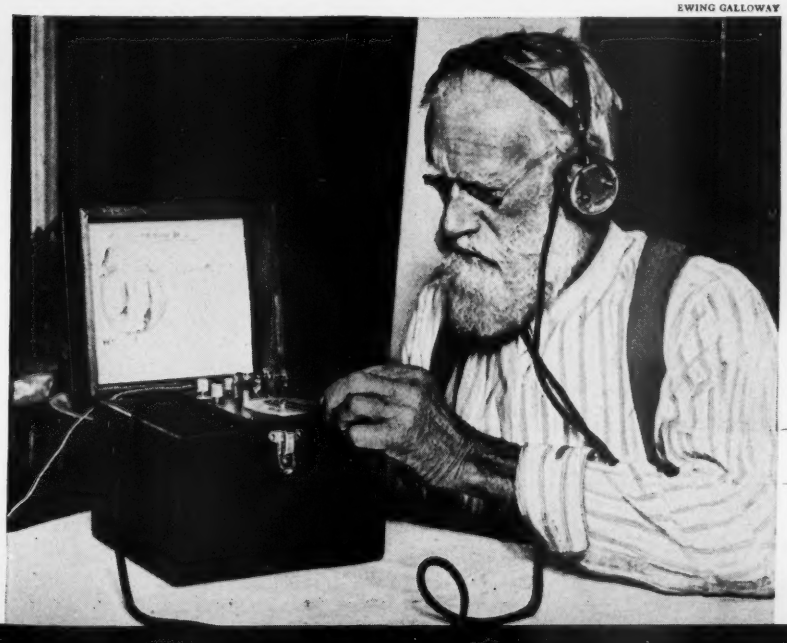
For many years the sales of pianos ranged from 250,000 to 350,000 a year. Sales fell to about 20,000 in 1933. They have rebounded to around 100,000. The industry was equipped to produce the peak. It is not easy to determine whether the industry was kidding itself that the bulk of pianos were bought by music lovers, for playing. But well-informed observers estimate that about one-tenth of the peak production would take care of that demand. The rest were bought for show—"conspicuous waste" the economists call it.

The automobile had a good deal to do with the decline of the piano. For one thing it gave people something else to do than to gather around the piano in the evening and blend their voices while sister did her feeble best. More important, probably, was that the automobile was a more effective prestige builder. It cost as much, or more, and while only those invited to your home could see the piano, everyone who passed the house or saw you on the road could be impressed with the car.

Also, along about 1914 a quiet, unorganized strike was staged by small boys and girls who refused to spend their valuable time taking lessons. Music lessons, for all but born musicians, were a terrible chore—and it is undeniable that for the majority the time was in truth wasted. The kids had better judgment than their parents.

The piano manufacturers were not beaten, however. They developed the player piano, and a very good instru-

EWING GALLOWAY



Earliest of converts to radio, farmers were glad to come nearer to the outside world, to hear market reports sooner.

DOUGLAS FROM GENDREAU

To fill eyes and ears in football stadia from coast to coast—colorful uniforms and brass, and the more noise the better.

ment it was. It enabled the musically uneducated to make music, much as the masters had made it, at slight effort. The manufacturers sagely capitalized on that appeal in their advertising and selling efforts. The accompanying table shows plainly the happy results of their efforts—up to the time the radio really got so you could hear music without too much static.

But radio, from the music point of view alone, had an advantage or two even over the player. It was easier to manipulate, and it did not confine the listener to piano music. As the radio improved mechanically and as better programs of music came over the air, there was less interest in both pianos and players.

Also, there was a trend toward living in smaller apartments and houses. The piano was too big a piece of furniture. One family which moved from a large suburban house to a typical city apartment found that there was no room for the piano in the new quarters. They tried to sell the piano. For a twenty-year-old, thousand-dollar instrument they were offered ten dollars, if they would pay the drayage, which amounted to twenty dollars. They left it in the old house. No one in the family could play it anyway.

Since 1931 there have not been enough player pianos sold to warrant the Bureau of Census reporting them. Two years later the sale of player rolls had all but vanished, and in 1935 none were reported by the *Census of Manufactures*.

However, the sale of pianos has been picking up. There are two reasons. One is that the makers have been giving more attention to design. They are making apartment-size models in both grand and upright styles. Some of the uprights can be tucked away even in a New York City living-room. And the styling has been so improved that some of the models are very attractive looking pieces of furniture.

Easy Does It

The other reason for the present rise in piano sales is that interests which have an ax to grind have done a clever, although it would seem quite obvious thing. They have made learning to play the piano easier and more attractive.

Regular schools and mail-order schools have simplified the lessons. They have discovered that most people have no desire to become prodigiously able performers. The youngsters would like to "fake a few chords" and perhaps even to play simple tunes. They don't give a hoot for technical perfection, and they simply will not put in long hours at finger exercises with the hope that in the dim future they will be good enough to hire the Oddfellows' Hall and pass out Annie Oakley's to their friends, for a recital which will receive adequate notice from the local paper. They can learn to play well enough for their purposes in a few weeks or months.

The public schools, too, have done their share to make learning the piano more attractive. Thousands of them provide group lessons either after school, or, less often, as a part of the curriculum. The lessons are free, or at some such nominal fee as 15 cents.

Kids don't seem to mind these lessons. The big objection I had to taking music lessons—and as I recall it, the objection was general except among the sissies—was that it took me away from the gang, who were more usefully engaged in badgering the neighborhood Chinese laundryman, or learning to smoke and play poker for matches in the barn.

School music lessons are now carried on in groups of ten or twenty, in much the same way as any class-room work. The lessons are simplified. There is the competitive urge. But instead of trying half-heartedly to become Paderewskis, most of the kids are now struggling to be "hot" artists. There are probably 2,000,000 such tyros.

The schools are largely responsible for the recent rise in the sale of band and orchestra instruments. Here we have to take into account difficult cross-currents.

The increase in the number of school bands and orchestras began some twenty-odd years ago. Prior to that, the number of moving picture houses had been rising. Each one had an orchestra and the musicians had to buy instruments. Then the new mechanical recordings made theater orchestras less necessary and they began to lose out, especially in the smaller houses.

But the school band and orchestra idea has been carefully nurtured. Yearly contests, on a State by State basis, are held under the auspices of the National Bureau for the Advancement of Music. As to the extent of the school band and orchestra movement, a recent report said:

"The very fact that there were 4,514 first, second, and third winners in the school music contests bears adequate testimony to the widespread participation and the interest aroused. The official reports indicate that the average membership in these competing organizations is 46 or 47 in the bands, 39 in the orchestras and 33 or 34 in the choral groups. Basing our total estimates on these averages, the aggregate numbers of children directly influenced are: bands, 46,500; orchestras, 21,450; and choral groups 33,600. . . .

"This, however, represents only the actual contest participants. The interest created furnishes a helpful stimulus to a large percentage of the several million other children studying music in the schools.

"It has been variously estimated that there are between 18,000 and 25,000 school bands and between 35,000 and 45,000 school orchestras, depending upon how small a group may be dignified by the name orchestra. If we take 21,000 as a conservative figure for the number of bands and 38,000 as the number of orchestras, and estimate the average size of the bands as 32, and of orchestras as 20 to 22, we would have an aggregate of 672,000 members of school bands and 836,000 members of school orchestras, or a total of 1,508,000. The total figures might run considerably beyond this."

Quite a market for instruments! In fact, says the executive manager of a trade association in the field, "It is the school business that is keeping our industry alive." So much for the economic significance of Little Willie and his tooter.

Brains Help

The phonograph branch of the music industry exemplifies strikingly how a business can be driven down by outside causes and turned upward by intelligent effort on the inside. Several times the phonograph has been given up for dead, and each time it has rallied under the leadership, usually, of the biggest company in the field—Victor.

Radio got in its licks at the expense of phonographs and records between 1923 and 1925. The figures in the table on page 23 show a drop from $57 million in 1923 to $22.6 million in 1925 for phonographs, and from $36.3 million to $26.8 million for records. This coincided with a moderate rise in the sales of organs and band and orchestra instruments, and the startling jump from $18.9 million to $112.3 million in the sales of radios and loudspeakers.

Phonographs and records were put in the attic or thrown onto the ash heap to make room for the new radios. It was not only the novelty of the new device. The radio was a better musical instrument. Even the makers admit that, as witness this statement by H. S. Maraniss of the RCA Manufacturing Company. He says, "In those early days of radio, the Victor Talking Machine had made scant progress over its predecessor of the early 1900's. Records were still made by the old acoustic process, and the phonograph was a little more than a glorified music box. By comparison, radio was a spectacular and mystifying discovery which not only made it possible to hear a voice, or an orchestra, a hundred or a thousand miles away, but to hear that voice or orchestra with far greater definition."

The phonograph industry knew it was up against some real competition from a new industry—a condition which has faced quite a few industries in recent years. But the leaders felt that there was a sound reason for phonographs. Chiefly it was that with radio the listener took what was given him by the broadcaster. He might feel like dancing at a time when nothing but classical music was to be found. Or vice versa. With a phonograph he could select records of the kind of music he liked best, and listen to what he wanted when he wanted it.

The ability to listen to the same piece over and over is important to some people. Serious music lovers can thus study technique. Also, it is practically essential that any sophisticated high school or college boy know the latest dance music and torch songs perfectly. That involves repetition which is apt to drive parents crazy. The lads and lassies can hardly expect to hear the same tune more than a half dozen times an evening over the radio. There is apparently no reasonable limit to what a record will stand.

But unless the phonograph could compete on a quality basis this natural demand would be ineffective. So around 1926 the phonograph engineers made revolutionary improvements in

GENDREAU

both the reproducing machine and the records.

To attract the attention of the public, more than $3,500,000 was spent in advertising. In 1927 phonograph sales were more than double what they had been in 1925. The sales of records increased during the same period, but only about 20 per cent.

Again in 1933, when the bottom had once more fallen out of the business, the Victor Company brought out additional improvements in both machines and recording.

It went farther, and reduced the prices of its product on the sound conviction that to sell records, which are the razor blades of the industry, it must first get a lot of instruments, which are the safety razors, into the homes. Combination radio-phonographs were perfected. By this even the confirmed radio listener was made a prospect for records. Quite a few people who did not expect to use the phonograph, would buy the combination sets because the extra cost was slight. Finally, to make record playing as inexpensive as possible, a record player which can be attached to a radio loudspeaker was put on the market.

Again the Victor Company expanded its advertising campaign. It has also given close attention to merchandising. It uses its old adversary, radio, as a highly effective advertising medium. Its record sales, it announces, were up more than 600 per cent in 1938 over 1933.

A great deal is made of radio's beneficial effects on the sales of all music instruments, especially phonographs and records. It is one of those things that seem so obvious that it is accepted uncritically as true.

It is maintained that the radio has made people music conscious, and that this in turn makes them want more and better music. The radio is being consciously used to that end. Walter Damrosch has for ten years been broadcasting music appreciation hours which are said to be part of the curriculum in 70,000 public schools, and listened to avidly by seven million children who have to and three or four million adults who want to.

Even the symphony orchestra and grand opera programs are not satisfied to give me the good music I sometimes like to hear. They want to educate me through the comments of music lovers with sobs in their voices—to the extent that I'd rather miss the music than hear the commentators. In short, they drive me to the phonograph—which is, no doubt, the desired end, although accomplished in a back-handed manner.

Radios Helpful?

An executive of one of the leading phonograph companies does not give radio much credit for even involuntarily increasing the phonograph business. He says:

"It so happens that the phonograph has been able to give the American public music they could hear nowhere else, least of all on the radio. For the past six or seven years, phonograph records have actually pioneered in presenting chamber music, symphonic music, obscure operas, and the most distinctive of native music, both hillbilly and negro. It was practically impossible to hear any of this music on the radio, or in a concert theater, or night-club. Therefore, I think I am safe in saying that the phonograph has done more to satisfy the musical tastes of the public than any other medium.

"I believe that the popularity of 'swing' is also due to the phonograph and not to the radio. Long before Benny Goodman became a name on the radio networks, his records were making their impression on young people and musicians. The coming of swing has changed the whole course of popular music in that it has for the first time popularized the art of improvisation."

One of the lessons that business might learn from the music industry would seem to be that the same bells which toll a requiem can be made to peal out joyous tidings—if properly managed. The reference here is to the radio's effect on the phonograph industry.

Another is that devious ways to develop new users can sometimes be found—and should always be searched for. School bands and orchestras, together with cheap and easy music lessons exemplify this.

Third, good and extensive advertising and merchandising, especially for an improved product such as the phonograph, can often revive a nearly dead business.

Fourth, a business built on snob appeal (the piano) may be profitable while it lasts—but it can't be counted on to last.

And finally, again illustrated by the piano, no business can afford to disregard broad basic trends—such as increasing urbanization—or the threat—as from the automobile—of inter-industry competition.

DOUGLAS FROM GENDREAU

THE BUSINESS DIARY APRIL · 1939

Soft coal industry faces serious deadlock. . . . Stocks vacillate as Europe continues in turbulent state of flux.

1 HULL announces recognition of Franco régime in Spain; embargo lifted.

3 GOVERNMENT reorganization and national defense bills signed by President. Soft coal shutdown starts; 338,000 miners affected. TVA exonerated in Congressional inquiry. Britain offers assistance to any land menaced by Reich.

4 STOCK prices plunge to lowest levels since June, 1938.

7 ITALIAN troops invade Albania.

9 THE Easter parade.

10 STOCKS rally for best gain in five months.

12 EDWARD J. NOBLE resigns as civil air chief to become Hopkins' aide. Crown of Albania offered to Italy.

13 PRESIDENT signs bill which has as objective reciprocal taxation of Federal and State salaries.

15 ROOSEVELT urges dictators to pledge ten-year peace.

16 YANKEE CLIPPER completes 11,000-mile transatlantic survey flight.

17 SUPREME COURT upholds marketing control under AAA of 1938; bars Strecker deportation; upholds Pennsylvania utility rate fixing act. President withdraws nomination of Thomas R. Amlie as ICC member.

18 LINDBERGH called to duty with United States army to survey aviation facilities.

20 GEORGE P. REA elected first paid president of New York Curb Exchange. Duce derides Roosevelt's appeal for reciprocal guarantees as "absurd."

23 BRITAIN sends envoy back to Berlin.

24 LEON HENDERSON named to SEC vacancy.

25 PRESIDENT submits plan to Congress for reorganization of Federal executive agencies; nominates Dr. William M. Leiserson to NLRB.

26 EXCESS funds of Federal Reserve hit new high of $4,120,000,000.

27 HARCOURT A. MORGAN reappointed to TVA. President asks $1,750,000,000 for 1940 relief program. British Commons backs conscription.

29 HOUSE Committee recommends "freezing" 1 per cent old age payroll tax. Government files second movie anti-trust suit. $325-car with top speed of fifty miles per hour per gallon of gas makes bid for low-price U. S. market. Hitler spurns Roosevelt plea; denounces two treaties; demands return of Danzig.

30 SOCIAL Security Board makes public a survey giving $525 as average annual wage for women; $1,027 for men. World of Tomorrow opens in New York on 150th anniversary of inauguration of George Washington as president. Hour's sleep lost by millions as Daylight-Saving time goes into effect.

EAST RIVER BRIDGES, NEW YORK CITY—ATLAS PHOTOS

THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

Both domestic and foreign factors proved discouraging to business sentiment during April and early May; the delay in the settlement of the soft coal dispute, the decline in steel orders, and the financial uncertainties resulting from recurrent international crises contributed to a general hesitancy in placing orders or in expanding output. Retail trade and residential construction were the brightest spots.

WILLINGNESS to take business risks has still not been apparent during recent weeks as a typical characteristic of the business man's approach to the future. Uncertainties engendered by war fears, labor troubles, and national politics—whether or not justified—have combined to give the general feeling of strain and tenseness an illusion of permanency. At no time this Spring has the way ahead seemed clear, and the period during April and the first part of May proved no exception. Although the coal strike was finally settled, and no international crises had developed for a few weeks, still the trend of business was slightly downward.

Industrial Production

Federal Reserve Board Adjusted Index

1923-1925 = 100

	1936	1937	1938	1939
January	97	114	80	101
February	94	116	79	98
March	93	118	79	98
April	101	118	77	92
May	101	118	76	
June	104	114	77	
July	108	114	83	
August	108	117	88	
September	109	111	91	
October	110	102	96	
November	114	88	103	
December	121	84	104	

In spite of unsettled conditions in most of the domestic economy, however, there were some hopeful signs. Construction activity continued at a fairly favorable level, and in turn stimulated demand for lumber and for structural steel. Retail trade, furthermore, was less affected than was industrial activity, and employment did not decline rapidly. Wholesale markets showed signs of strength during the first part of May. Optimists tended to take the view that, in the absence of further critical developments, there was no real reason why the much discussed 1939 upturn should not occur.

Factory Payrolls

U.S.B.L.S. Index (Revised)

1923-1925 = 100

	1936	1937	1938	1939
January	76.7	94.4	73.0	83.2
February	76.6	99.7	76.9	85.3
March	80.3	105.5	77.1	86.8
April	83.3	109.3	74.6	85.0*
May	83.9	109.7	72.9	
June	84.1	107.0	70.8	
July	83.4	104.6	70.6	
August	87.1	108.2	76.9	
September	86.9	104.4	81.0	
October	92.5	104.5	83.9	
November	94.0	92.9	84.1	
December	98.8	84.2	86.6	

* Preliminary

Industrial conditions in April, however, were not exactly encouraging. The seasonally adjusted index of production at 92 (FRB), as compared with 98 in February and March, was depressed mainly by reductions in coal and steel output. Bituminous coal production fell far below consumption, so that manufacturing and transportation activities depended upon accumulated stocks for their necessary fuel supplies. Steel operations were curtailed more than seasonally, the rate declining from a peak of 56.1 per cent of capacity in March to 48.6 per cent in the last week of April, and a further decline was noted in early May. Pig iron production also showed a pronounced decrease, and electric power output declined more than might have been expected seasonally.

Machine tool orders, after rising substantially in March, decreased in April; the index was off from 185.4 to 155.6 during the month. Also reflecting a shortened demand rather than a fuel shortage was automobile production, which was off seasonally for the fifth consecutive month. The decline in automotive demand partly accounted for the decrease in steel orders.

Railroad traffic was reduced by the decline in coal loadings, although loadings other than coal averaged higher

than the March rate. During the first week in May, decreases in loadings were reported for grain and grain products, coal, coke, and livestock, while loadings of miscellaneous freight less-than-carload lots, forest products, and ore increased. The net operating revenues of Class I railroads were 5.7 per cent higher in April than a year ago, but were 37 per cent below April 1930.

Construction contracts, according to F. W. Dodge data, were up seasonally from March to the highest level for any April since 1931, mainly due to a rise in public works projects. A month-to-month increase in engineering contracts also came substantially from this source. Residential building, however, suffered something of a setback. Home-financing operations were about 13 per cent below the March level. Small home mortgages selected for appraisal totalled about $105,700,000 in April, against $121,689,493 in March.

The automobile industry apparently reached its seasonal peak in the third week of April, after which there was a decline in the number of assemblies. The average rate of production for the month, however, was about equal to the March level.

Department Store Sales

Federal Reserve Board Adjusted Index

1923-1925 = 100

	1936	1937	1938	1939
January	81	93	90	88
February	83	95	88	87
March	84	93	86	88
April	84	93	83	88
May	87	93	78	
June	87	93	82	
July	91	94	83	
August	86	92	83	
September	88	94	86	
October	90	93	84	
November	94	91	89	
December	92	89	89	

Joining the factors which participated in the April recession, consumer goods activity slackened. Mill consumption of raw cotton, partly due to moderate advances in the price of raw fiber, was off slightly from the March level. Silk deliveries were sharply lower, 27,802 bales as compared with 37,863 bales in March and 33,381 in April 1938. The increasing price of raw silk has resulted in a general decline in U. S. consumption, with many fabricators turning to rayon, particularly for woven underthings and volume dress fabrics. Rayon yarn deliveries declined slightly from 26,500,000 pounds in March to 23,100,000 in April, but the general trend recently has been upward.

Production of both producers' and consumers' goods in April totalled about one-fifth higher than in 1938, even though there was a net decline registered from March of this year. The effect of the lower rate of activity was reflected somewhat in employment and payrolls, in addition to the usual seasonal decline which occurred during April; the Spring peak in clothing and leather goods industries had been reached in March. Only stone, clay, glass, and wood products groups registered noticeable gains. The BLS index of factory payrolls fell to 85.0 from 86.8 in March. Farm employment increased more than usual during April.

Wholesale Commodity Prices

U.S.B.L.S. Index—1926 = 100

Week	Feb. 1939	Mar. 1939	Apr. 1939	May 1939
I	76.6	76.7	76.5	76.1
II	76.6	77.0	75.9	76.4
III	76.6	76.7	75.8	75.9
IV	76.8	76.6	76.0	
V			76.1	

Commodity markets, in spite of the numerous depressing influences, showed in some instances that inventories were low. Purchases of copper and tin were larger in April than previously this year, and lead sales held up well. Wholesale commodity prices were generally somewhat lower in April than in March, but showed an upward trend during the first two weeks of May to the highest levels of the year to date. Retail food prices advanced about 0.2 per cent between the middle of March and the middle of April. The gain was chiefly due to a rise in the prices of certain fresh fruits, vegetables, and meats, while prices of dairy products showed a sharp drop of about 5 per cent in the same period.

Retail trade failed to reflect unfavorable developments to the extent shown by industrial conditions. April business was close to seasonal expectations. Marked gains were noted in sales of automobiles, electric refrigerators, and furniture. The FRB adjusted index of department store sales at 88 was unchanged from the March level, as compared with 83 in April 1938. Rural retail sales were 4.5 per cent higher than in March and 11 per cent above April 1938; the adjusted index moved from 123.7 to 125.2 in the month.

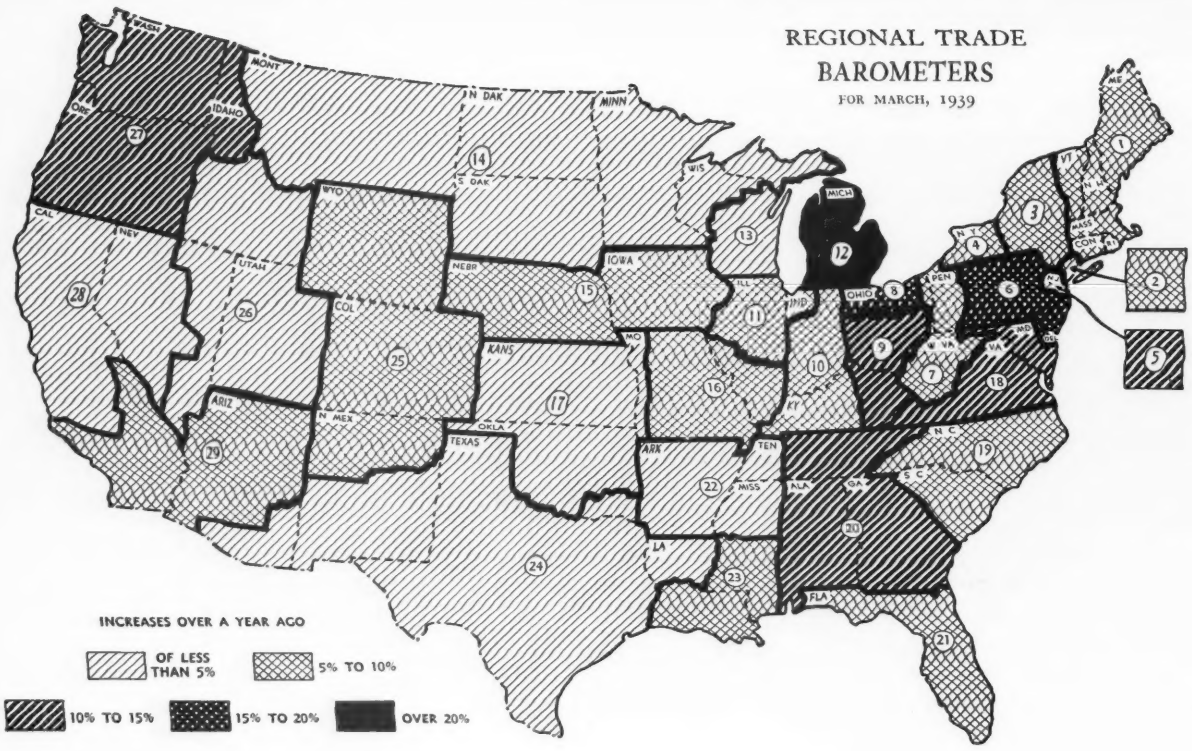
Industrial Stock Prices

Dow-Jones Index (Weekly Average)

Week	Feb. 1939	Mar. 1939	Apr. 1939	May 1939
I	143.45	147.71	136.93	130.75
II	144.47	150.84	128.03	132.61
III	144.92	147.11	126.21	130.44
IV	144.11	141.32	127.57	
V			128.31	

Most sensitive to world conditions of the factors in the business picture were the financial markets. Security prices recovered but slightly from the sharp drop in the first part of April, and turnover was sluggish in the early part of May. The volume of transactions in April was 20,246,238, as compared with 24,563,174 in March. Brokers' loans were off $107,412,496 in April in the largest drop in borrowings since November 1937. It was pointed out, however, that, despite the continued unsettlement, several large corporate issues were floated successfully during the month.

The outstanding monetary condition continues to be the extraordinary flow of gold into this country, and the consequent rapid expansion of excess reserves in the member banks. An increase of about $760,000,000 in excess reserves occurred in a period of five weeks. April imports of gold set a record of $606,027,427. The demand for United States bank notes, presumably used as an alternative to gold for hoarding purposes, resulted in heavy exports of U. S. currency in April, with a consequent sharp increase in the amount of money in circulation.



APRIL TRADE INDEX LOWER

The United States Trade Barometer fell to 83.1 (preliminary) in April from 86.3 in March. Barometer figures are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information is reported by 157 district offices of DUN & BRADSTREET, INC.

AFTER a small gain in March, April trade volume sank back to the lowest level of the year to date. The United States Trade Barometer at 83.1 was 3.2 points or 3.7 per cent lower than the March figure, and 13.1 per cent lower than the December 1938 peak of 95.6. The level of trade in April, on a seasonally adjusted basis, approximated the level existing during February of the year 1936. Despite the more-than-seasonal decline in activity, however, the barometer continued to show an 8.3 per cent gain over the comparable figure for April 1938.

The chief deterrent to an improvement in retail sales during the first part of the month, at least, was the weather. Subseasonal temperatures, floods, rain, and windstorms all conspired to keep potential shoppers from purchasing seasonable wares. The expected post-Easter lull also occurred after the first week, but the effect of this factor was probably no greater than usual. Apparel departments, particularly those dealing in women's coats, suits, and millinery, met with the greatest consumer response, while house furnishings and equipment sales were reported satisfactory for the time of year.

Wholesale markets showed a continued lack of forward buying, although requests for prompt shipments indicated that stocks were low and that retailers were buying on a hand-to-mouth basis even more than before. During the last week of the month, improved weather conditions benefitted both retail and wholesale branches of trade, and volumes reflected a spurt in activity as a result. Particularly noticeable was the increased demand for sportswear and light-weight wearing apparel.

Trade in the United States as a whole showed some gain from February to March, but the majority of the regions, paradoxically enough, reported slight losses in volume during the month, due to the distribution of sales through-

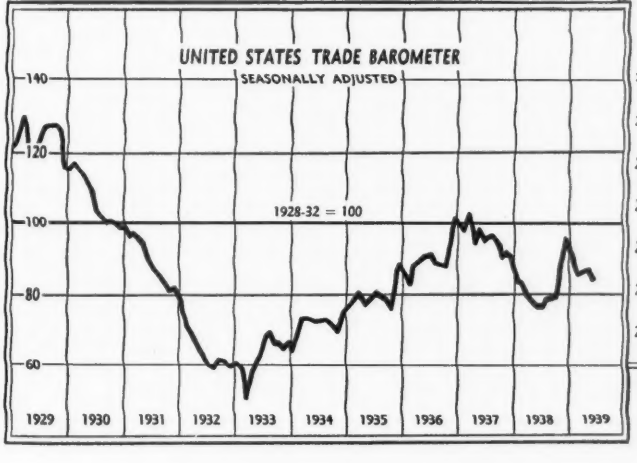
out the country. Only eight regions showed increases. Chicago registered a gain over February of 9 per cent, and New Orleans one of 8 per cent. The Denver increase was 6 per cent, while in Philadelphia and Pittsburgh areas trade rose about 5 per cent. On the down side, Salt Lake City's minus 12 and New England's minus 10 per cent were the only substantial decreases. No other losses exceeded 5 per cent, and most of them ranged from 1 to 2 per cent.

In comparison with a year ago, however, every one of the twenty-nine regional barometers showed a gain. Detroit once more was distinguished as the area showing the largest comparative increase in activity; this time the rise was 22.9 per cent, as compared with a 15.3 per cent year-to-year gain in February. Two regions, Philadelphia and Cleveland, showed increases of slightly more than 15 per cent. Eight regions in March recorded gains of more than 10 per cent from their 1938 comparatives, while only four had done so in February. Atlanta and Birmingham, with a 13.8 per cent rise in trade activity over a year ago, continued to make the best showing with respect to the 1928-1932 average.

THE MAP AND CHART compare the March, 1939, indexes with those for the same month a year ago. The column at the extreme right of the chart indicates the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions are charted, with U. S., from 1937, on pages 32-35. They are composites based on: bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising linage (*Editor and Publisher*), which were found to make those indexes more accurate, are included. In region 15, department store sales have been omitted. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The monthly average for the five years 1928-1932 equals 100. The preliminary figure for the United States is computed one month before the regional figures are available.

THE PARAGRAPHS printed opposite the 29 regional charts quote figures for March based on samples of department and retail stores reporting to the Federal Reserve banks; for April and for the first half of May based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices.



REGIONAL TRADE BAROMETERS

	REGION	March 1939 Regional Index	Mar. 1939 Compared with Mar. 1938 (%)	Retail 1935 Sales %
	U. S.	86.3	+ 8.7	100.0
1.	NEW ENGLAND	76.1	+ 8.3	7.8
2.	NEW YORK CITY	72.1	+ 8.6	10.3
3.	ALBANY AND SYRACUSE	84.4	+ 7.5	2.6
4.	BUFFALO AND ROCHESTER	75.8	+ 7.2	1.9
5.	NORTHERN NEW JERSEY	81.2	+12.0	2.9
6.	PHILADELPHIA	80.6	+15.5	6.2
7.	PITTSBURGH	81.9	+ 7.9	3.7
8.	CLEVELAND	84.7	+15.1	2.9
9.	CINCINNATI AND COLUMBUS	90.7	+11.3	3.1
10.	INDIANAPOLIS AND LOUISVILLE	92.2	+ 8.3	2.6
11.	CHICAGO	89.5	+ 6.8	6.4
12.	DETROIT	83.3	+22.9	4.0
13.	MILWAUKEE	92.8	+ 1.3	2.2
14.	MINNEAPOLIS AND ST. PAUL	87.8	+ 0.3	4.5
15.	IOWA AND NEBRASKA	76.2	+ 7.9	3.0
16.	ST. LOUIS	82.3	+ 6.9	2.5
17.	KANSAS CITY	85.9	+ 0.7	3.6
18.	MARYLAND AND VIRGINIA	98.5	+10.1	3.8
19.	NORTH AND SOUTH CAROLINA	98.8	+ 9.5	2.1
20.	ATLANTA AND BIRMINGHAM	110.5	+13.8	3.5
21.	FLORIDA	109.2	+ 8.5	1.3
22.	MEMPHIS	93.9	+ 4.4	1.5
23.	NEW ORLEANS	101.9	+ 6.9	1.0
24.	TEXAS	106.5	+ 3.3	4.5
25.	DENVER	102.7	+ 6.3	1.3
26.	SALT LAKE CITY	84.6	+ 4.2	.8
27.	PORTLAND AND SEATTLE	84.8	+10.3	2.7
28.	SAN FRANCISCO	81.2	+ 4.9	3.4
29.	LOS ANGELES	82.8	+ 8.1	3.9

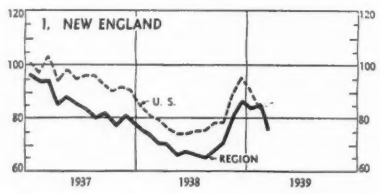
THE REGIONAL TRADE BAROMETERS

These indexes of consumer purchasing are corrected for seasonal variation; the monthly average for the five years 1928-1932 equals 100 (see preceding page). Charts showing the curves since January, 1928, were published in the March, 1939, number and will appear semi-annually. Additional information about the indexes and about their especial usefulness in regional sales quota work, back figures, and data about regional boundaries is available for users of the indexes.

1. New England

MAR., 76.1 FEB., 84.4 MAR. 1938, 70.3

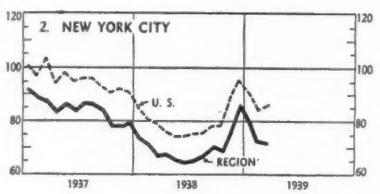
MARCH—Percentage department store sales increases over previous March: Boston 0, Providence 5, New Haven 1. APRIL—Percentage retail trade increases over previous April: Portland–Manchester 0, Boston 1, New Bedford–New Haven 5, Springfield 10, Worcester 3, Providence–Hartford 4. Wholesale trade changes: Portland —5, Boston–Springfield +5. Farmers entering planting season. Payrolls and production steady to above last year. Textile and shoe manufacturing slower seasonally. Aircraft and small tool factories active. Collections fair. MAY—Sales of building materials improved. Shoe manufacturing continues slow. Decided upturn in wool market noted. Retail trade up 3 to 6% over April.



2. New York City

MAR., 72.1 FEB., 72.7 MAR. 1938, 66.4

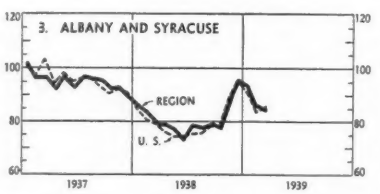
MARCH—Percentage department store sales increases over previous March: New York City 3, Bridgeport 12, Westchester–Stamford 5. APRIL—Percentage retail trade changes from previous April: Bridgeport —10, New York City department store sales —5, parcel deliveries —1, hotel sales +3. Employment down 3% from March; payrolls showed 8% decline from previous month, due largely to seasonal losses at apparel factories. Bank clearings down 2% from a year ago in New York City, up 5% in Westchester County. Collections steady since March and steady with a year ago. MAY—Opening of World's Fair stimulated retail trade activity. Women's apparel departments particularly busy.



3. Albany and Syracuse

MAR., 84.4 FEB., 86.6 MAR. 1938, 78.5

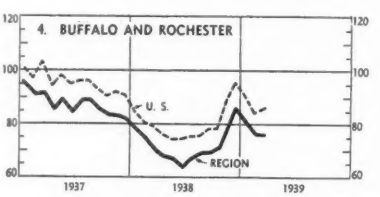
MARCH—Percentage department store sales changes from previous March: Syracuse +13, Northern State —22, Central State +4. APRIL—Percentage retail trade changes from previous April: Albany 0, Binghamton —2, Utica —3, Syracuse +12. Wholesale trade changes: Albany 0, Syracuse —8. Planting delayed by weather conditions. Payrolls and production above last year. Shoe industry showed slight gain over last year's level. Pick-up in knit goods manufacturing reported. Durable goods manufacturing showed renewed activity. Collections fair to good. MAY—Manufacturing activity spotty. Small private building increased. Paper volume good. Retail sales about even with the same period last year.



4. Buffalo and Rochester

MAR., 75.8 FEB., 76.1 MAR. 1938, 70.7

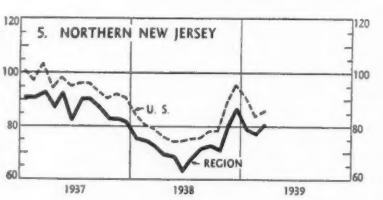
MARCH—Percentage department store sales changes from previous March: Buffalo +2, Rochester 0, Niagara Falls —3. APRIL—Percentage retail trade changes from previous April: Buffalo +2, Jamestown–Rochester 0, Elmira —5. Buffalo wholesale trade up 2% from the level a year ago. Farm income improved, steady with last year. Payrolls and production generally steady to above last year; down in Buffalo. Much new construction under way. Clothing industry in Rochester looking forward to good season. Collections fair to good in comparison with last year. MAY—Buffalo steel production scheduled at 35% of capacity, as compared with 28% last year. Flour production up. Retail sales somewhat slow.



5. Northern New Jersey

MAR., 81.2 FEB., 77.4 MAR. 1938, 72.5

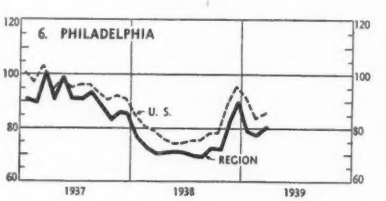
MARCH—Northern New Jersey department store sales up 8% from last year's comparative level. APRIL—Newark retail volume off 1% from previous year, down 16% from March. Wholesale trade off 2% in comparison with a year ago, down 10% in month. Bank clearings off 1% from last year in Newark, down 4% in Northern New Jersey. Production, sales, and payrolls below last month and a year ago. Employment steady with March, but down from 1938. Collections slower than last year in wholesale and manufacturing divisions, steady in retail; all collections slower than in March. MAY—Retail trade more active seasonally. New construction rather quiet. Little change noted in industrial activity generally.



6. Philadelphia

MAR., 80.6 FEB., 77.0 MAR. 1938, 69.8*

MARCH—Percentage department store sales increases over previous March: Trenton 11, Philadelphia 12, Scranton 19, Harrisburg 1, Wilmington 14. APRIL—Percentage retail trade increases over previous April: Trenton–Wilmington 3, Allentown 8, Philadelphia–Reading–Wilkes-Barre 4, Scranton–Harrisburg 5, Wilmington 6; Williamsport trade off 5% from last year. Philadelphia wholesale trade up 5% from 1938. Plowing and seeding late because of rain and cold weather. Payrolls and production steady to above last year. Knit goods and underwear active. Silk hosiery mills curtailing production to check rise in raw silk prices. Collections fair. MAY—Wholesale and retail volumes somewhat improved. * Revised.

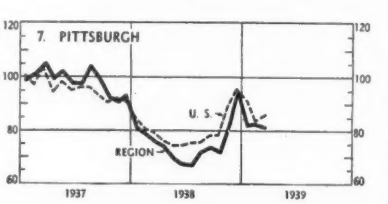


7. Pittsburgh

MAR., 81.9 FEB., 82.9 MAR. 1938, 75.9

MARCH—Percentage department store sales increases over previous March: Pittsburgh 7, Wheeling 2, West Virginia State 5. APRIL—Percentage retail trade changes from previous April: Erie–Charleston +5, Pittsburgh —8, Youngstown 0, Huntington —10. Wholesale trade changes: Erie +8, Pittsburgh 0, Charleston —5. Planting season under way. Bituminous coal industry at standstill because of the strike. Steel rate dropped to 46% of capacity from 51% in the previous month. Glass production off slightly. Machinery lines held up fairly well. Collections slow. MAY—Coal mining resumed. Retail trade running 5 to 10% below last year's comparative level.

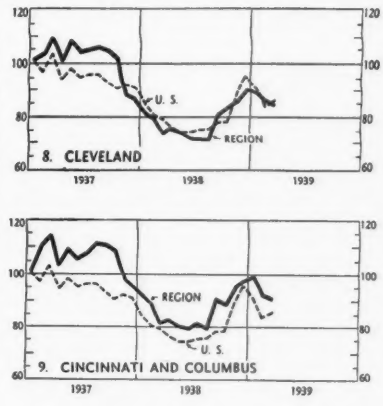
(Continued directly opposite)



8. Cleveland

MAR., 84.7 FEB., 86.1 MAR. 1938, 73.6

March—Percentage department store sales increases over previous March: Cleveland 10, Akron 14, Toledo 7. April—Percentage retail trade changes from previous April: Cleveland +4, Akron +11, Canton +10, Lima —10, Toledo +3. Wholesale trade increases: Cleveland 5, Akron 3, Toledo 0. Payrolls and production generally steady to above last year. Rubber production and payrolls declined. Gains in textile and screw machine manufacturing offset by levelling off in iron, steel, and automotive activity. Glass manufacturing showed some improvement. Collections fair to good. May—General business activity firm. Steel rate at about 45% of capacity. Department store sales about even with 1938.



9. Cincinnati and Columbus

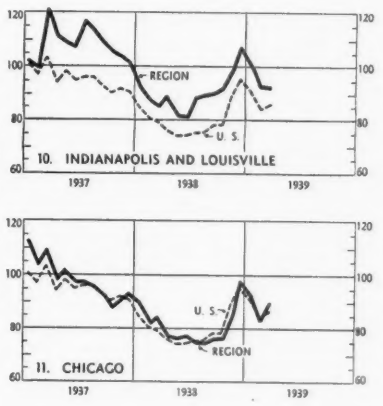
MAR., 90.7 FEB., 93.3 MAR. 1938, 81.5

March—Percentage department store sales increases over previous March: Cincinnati 4, Dayton 18, Columbus 6. April—Percentages retail changes from previous April: Cincinnati +5, Dayton +15, Springfield 0, Columbus —3, Zanesville +10, Lexington —5. Wholesale trade changes: Cincinnati 0, Columbus —10. Spring planting started. Farm markets active mainly with poultry and dairy products. Payrolls and production steady to above last year. Two coal mines closed by strike. New construction about 6% below last April. Collections fair. May—Wholesale dry goods sales about 14% above April, 20% above 1938. Weather conditions conducive to shopping; retail sales up 5 to 10%.

10. Indianapolis and Louisville

MAR., 92.2 FEB., 93.3 MAR. 1938, 85.1

March—Percentage department store sales increases over previous March: Louisville 5, Indianapolis 9, Fort Wayne 0. April—Percentage retail trade changes from previous April: Louisville–Fort Wayne —5, Evansville +10, Indianapolis +6, Terre Haute +5. Wholesale trade decreases: Louisville 8, Indianapolis 3. Winter wheat damaged by too much moisture. Fruit and vegetable prospects good. Livestock in good condition; prices steady. Payrolls and production generally above last year. Truck manufacturing declined. Sales of gasoline pumps and farm implements down 20 to 25%. Collections fair. May—Retail sales about even with last year. Wholesale operations showed some slackening. No particular change in industry.



11. Chicago

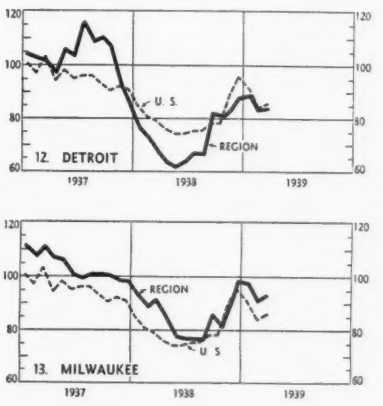
MAR., 89.5 FEB., 82.1 MAR. 1938, 83.8

March—Percentage department store sales changes from previous March: Chicago +4, Peoria —1. April—Percentage retail trade changes from previous April: Chicago–South Bend +5, Rockford —10, Peoria —5. Wholesale trade in Chicago up 4% from a year ago. Grain stock holdings larger than in 1938. Hog prices low. Payrolls and production vary in comparison with last year. Employment up 5% from last year and 3% from March. Farm implement sales showing uncertainty. Steel output down about 2 points to 45% of capacity. Machine tool manufacturing down about 40%. Collections fair. May—Little industrial change noted. Good orders for seasonal merchandise at wholesale. Retail sales up.

12. Detroit

MAR., 83.3 FEB., 83.8 MAR. 1938, 67.8

March—Detroit department store sales up 16% from previous March. April—Percentage retail trade increases over previous April: Detroit, 5, Grand Rapids 12; Saginaw trade down 5%. Detroit–Grand Rapids wholesale trade up 10% from a year ago. Garden truck crops good and prices satisfactory. Payrolls and production above a year ago, steady since March. Furniture sales nearly 15% ahead of last year; employment far ahead of 1938. Automobile production passed its peak during last two weeks of month. Collections good in comparison with a year ago; unseasonable weather caused some slowness recently. May—Automobile production declined somewhat. Warmer weather stimulated trade in all lines.



13. Milwaukee

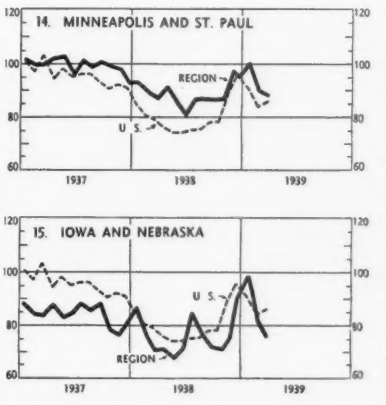
MAR., 92.8 FEB., 91.3 MAR. 1938, 91.6

March—Milwaukee department store sales 5% above previous March. April—Percentage retail trade changes from previous April: Milwaukee +3, Green Bay —8. Milwaukee wholesale trade up 4% from a year ago. Grocery and food stores reported only fractional changes from last year and last month. Heavy hardware and electrical appliance lines showed some loss in wholesale volume. Farm prices continue low. Production and sales up in comparison with 1938, steady to up since March. Employment 2% above last year; payrolls up 8%. Paper mills operating full time with good backlog of orders. Collections fair. May—Wholesale activity improved except in food. Late season delaying field work in agriculture.

14. Minneapolis and St. Paul

MAR., 87.8 FEB., 90.3 MAR. 1938, 87.5

March—Minneapolis–St. Paul–Duluth–Superior department store sales 4% above previous March. April—Percentage retail trade decreases from previous April: Duluth–Fargo–Billings 5, Minneapolis 7, St. Paul 4, Sioux Falls 8, Butte 9; Great Falls trade up 10%. Wholesale trade changes: Duluth —5, Minneapolis —10, Great Falls +5. Moisture conditions generally good. Wheat crop in fine condition. Duluth shipping delayed because of late ice-breaking; iron mining delayed accordingly. Payrolls and production generally steady with a year ago. Demand for farm implements somewhat lower. Flour sales steady. May—Crop planting hastened by good weather. Retail sales up about 2% from a year ago.

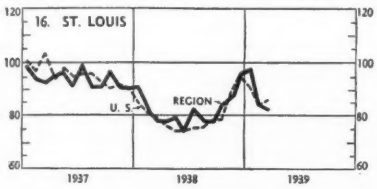


15. Iowa and Nebraska

MAR., 76.2 FEB., 81.4 MAR. 1938, 70.6

March—Omaha department store sales 4% below previous March. April—Percentage retail trade changes from previous April: Burlington–Des Moines +5, Cedar Rapids —3, Davenport–Waterloo–Sioux City–Lincoln 0, Dubuque–Omaha —5. Wholesale trade changes: Sioux City +3, Des Moines +5, Omaha —5. Planting delayed by cold weather. Corn prospects good. Butterfat and egg prices low. Payrolls and production steady to above last year. Meat packers receiving better grade of cattle; increased activity reported. Food processing plants now in slow season. Labor trouble in Dubuque sash and door factory. Collections fair. May—Retail trade somewhat improved from the April level, but volume about 12% below last year.

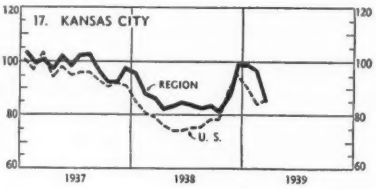
16. St. Louis



MAR., 82.3 FEB., 84.0 MAR. 1938, 77.0

MARCH—Percentage department store sales increases over previous March: St. Louis 4, Springfield (Mo.)–Quincy 6. APRIL—Percentage retail trade changes from previous April: St. Louis +6, Springfield (Mo.) +4, Springfield (Ill.) —10, Quincy +3. St. Louis wholesale trade up 13% from previous April. Winter wheat in good condition. Crop outlook good; weather conditions ideal. Payrolls and production generally above last year; manufacturing somewhat lower in Springfield (Ill.). Men's clothing manufacturers reported advance of 25% over last year's sales volume. Collections fair to good. MAY—Wholesalers report good number of fill-in orders for Spring and Summer goods. Retail trade up 6% from 1938.

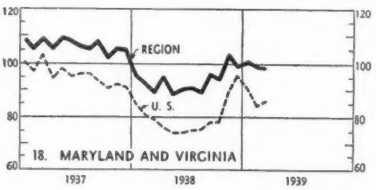
17. Kansas City



MAR., 85.9 FEB., 87.4 MAR. 1938, 85.3

MARCH—Percentage department store sales changes from previous March: Kansas City–Wichita 0, Oklahoma City —1, Tulsa +3. APRIL—Percentage retail trade changes from previous April: Kansas City +5, St. Joseph +2, Topeka 0, Wichita —8, Oklahoma City —9, Tulsa —5. Wholesale trade changes: Kansas City +3, Oklahoma City —8. Spring planting under way. Plenty of moisture to start crops. Wheat looks good. Payrolls and production steady to below last year. Downward trend in oil activity. Airplane manufacturing active. Railroad employment increasing. Overall and shirt manufacturing up 15% from 1938 to date. Collections fair. MAY—Wholesalers of paint, hardware, dry goods, etc., report sales up from 1938.

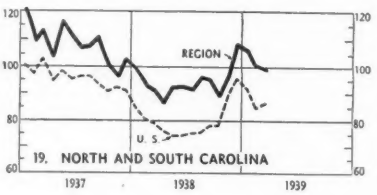
18. Maryland and Virginia



MAR., 98.5 FEB., 99.2 MAR. 1938, 89.5

MARCH—Percentage department store sales increases over previous March: Baltimore 11, Washington 9, Richmond 5, Virginia State 5. APRIL—Percentage retail sales changes from previous April: Baltimore +5, Washington–Richmond —2, Norfolk–Roanoke +2, Lynchburg–Bristol —8. Wholesale trade changes: Baltimore–Richmond +2, Norfolk —5. Tobacco in good condition, making good growth. Wheat crop prospects below last year. Payrolls and production generally steady with last year. Employment off as result of coal strike. Railroad shop employment down. Curtailment in rayon industry. Collections fair. MAY—Wholesale trade about even with last year. Retail trade down.

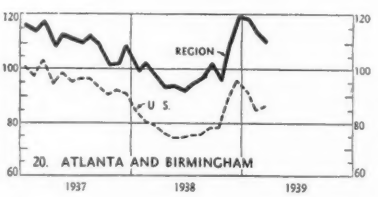
19. North and South Carolina



MAR., 98.8 FEB., 101.4 MAR. 1938, 90.2

MARCH—Percentage department store sales increases over previous March: North Carolina 6, South Carolina 13. APRIL—Percentage retail trade changes from previous April: Asheville —2, Charlotte +4, Winston-Salem +6, Raleigh +5, Wilmington —5, Charleston–Greenville +10, Columbia +25. Wholesale trade changes: Wilmington —5, Charleston–Winston-Salem +10. Cabbage and bean crops short; prices good. Late frost destroyed about 65% of early trucking crops. Payrolls and production steady to above last year. Textile manufacturing improved. Furniture activity favorable. Fertilizer shipments about equal to last year. MAY—Retail volume about 10 per cent below last year's comparative level.

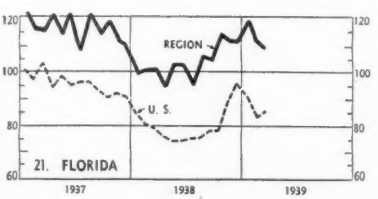
20. Atlanta and Birmingham



MAR., 110.5 FEB., 113.6 MAR. 1938, 97.1

MARCH—Percentage department store sales increases over previous March: Atlanta 17, Birmingham 12, Montgomery 22, Chattanooga 24, Nashville 8. APRIL—Percentage retail trade changes from previous April: Atlanta–Columbus–Birmingham–Mobile +10, Augusta–Knoxville 0, Macon —2, Savannah–Nashville —5, Montgomery +12, Chattanooga +15. Wholesale trade changes: Atlanta +10, Birmingham +5, Nashville —2. Cabbage and potato crops good; prices steady. Payrolls and production generally steady to above last year. Lumber and building materials fairly active. Cotton mills on part-time schedules. Iron and steel output curtailed. MAY—Department store sales improved, but about 10% below 1938.

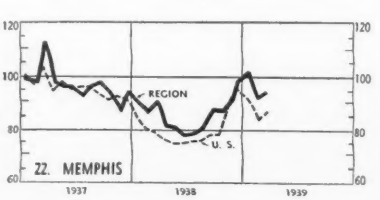
21. Florida



MAR., 109.2 FEB., 112.0 MAR. 1938, 100.6

MARCH—Florida department store sales about 5% above previous March. APRIL—Percentage retail trade increases over previous April: Jacksonville–Tampa 6, Miami 4. Wholesale trade changes: Jacksonville —4, Tampa 0. Celery and tomato shipments best in years, due to poor crops on East Coast. Citrus shipments still fairly heavy. Payrolls and production steady to below last year. Cigar output down a million units from the year-ago comparative. Naval stores steady despite new commodity loan bill. Sawmills continued fairly active. Collections good in food products divisions; other lines somewhat slower in April. MAY—Wholesale buying of cigars, lumber, and naval goods above 1938. Retail trade gained slightly.

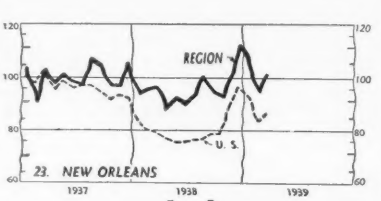
22. Memphis



MAR., 93.9 FEB., 92.1 MAR. 1938, 89.9

MARCH—Percentage department store sales increases over previous March: Memphis 10, Fort Smith 6, Little Rock 8. APRIL—Percentage retail trade increases over previous April: Memphis–Little Rock 5, Fort Smith 10. Memphis wholesale trade up 5% from a year ago. Strawberry harvest below normal, due to hot, dry weather last Summer and late freeze in month. Spinach and strawberry prices good. Payrolls and production above last year. Little Rock lumber industry ended labor troubles as month closed. Furniture manufacturing 20 to 30% above last year. Fort Smith glass plant on strike. Collections fair to slow. MAY—Wholesale dry goods improved. Hardware sales up 10% from 1938.

23. New Orleans



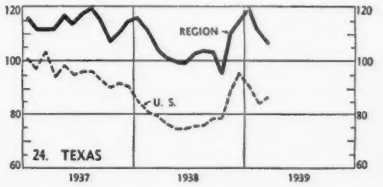
MAR., 101.9 FEB., 94.2 MAR. 1938, 95.3

MARCH—New Orleans department store sales 11% above previous March level. APRIL—Percentage retail trade changes from previous April: New Orleans +20, Jackson —6, Meridian +13. New Orleans wholesale trade up 20% from a year ago. Vegetables being marketed in large quantities. Strawberry yield and prices slightly above normal. Major crops progressing satisfactorily. Payrolls and production steady to above last year. Petroleum production shows no signs of slackening. Slum clearance and housing program starting. Flood protection, road building, and other public works progressing. MAY—Pine mill orders above last year. Wholesale trade improved. Department store sales up slightly from 1938.

24. Texas

MAR., 106.5 FEB., 111.5 MAR. 1938, 103.1

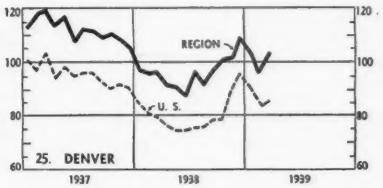
MARCH—Percentage department store sales changes from previous March: Dallas —1, Fort Worth —3, Houston +7, San Antonio +3. APRIL—Percentage retail trade changes from previous April: Dallas +5, Fort Worth–Beaumont —2, Amarillo–Lubbock–Wichita Falls–Austin —5, El Paso —9, Houston 0, Galveston–Waco–Shreveport —10, San Antonio +17. Wholesale trade changes: Dallas +5, Houston +2, San Antonio +8, Fort Worth —3, Shreveport —10. Grain crop conditions favorable. Livestock and grazing in good shape. Drought in San Antonio territory. Payrolls and production steady to below last year. Oil industry quiet. MAY—Farm prices about even with last year. Retail trade about 6% above 1938.



25. Denver

MAR., 102.7 FEB., 97.1 MAR. 1938, 96.6

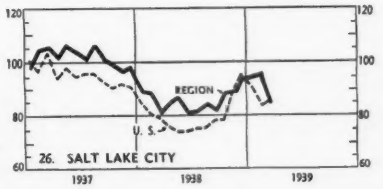
MARCH—Denver department store sales 5% above previous March. APRIL—Percentage retail trade increases over previous April: Denver 1, Albuquerque 5. Denver wholesale volume unchanged from a year ago. Crop prospects good. Planting conditions excellent because of considerable moisture recently. Payrolls and production steady to above last year, steady since March. Employment improved in building and agricultural industries. Lumber mills awaiting better weather before resuming full-time production. Building industry active. Collections steady to slow in comparison with a year ago, and steady to slow in comparison with a month ago. MAY—Some improvement noted in both retail and wholesale trade.



26. Salt Lake City

MAR., 84.6 FEB., 96.4* MAR. 1938, 81.2

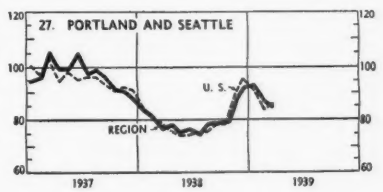
MARCH—Salt Lake City department store sales up 3% from previous March. APRIL—Salt Lake City retail trade up 2% from previous April; wholesale trade gained 3%. Sales of electrical appliances and automobiles show increases of 15 to 20% over last year's comparatives. Production steady with a year ago, up since March. Sales, employment, and payrolls show improvement over both the previous month and the previous year. Mining activity in particular increased. Farm prices continue low. Retail collections good; wholesale and manufacturing collections fair. MAY—Construction active. Wholesale buying of petroleum products up 10% from 1938. Employment declined somewhat. Retail trade about same. *Revised.



27. Portland and Seattle

MAR., 84.8 FEB., 87.5 MAR. 1938, 76.9

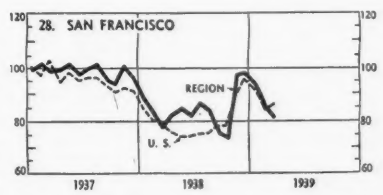
MARCH—Percentage department store sales increases over previous March: Seattle 8, Tacoma 10, Spokane–Portland 3. APRIL—Percentage retail sales increases over previous April: Seattle 11, Tacoma 5, Spokane–Portland 1. Wholesale trade changes: Seattle +10, Portland —5. Asparagus being canned in Puyallup Valley. Farm prices low; income from wheat estimated about 15% below cost of production. Production and payrolls vary in comparison with last year; steady to up in month. Plywood concerns in best position in lumber industry. Furniture output ahead of 1938. Airplane manufacturers have good backlog of orders. MAY—Waterfront strike in Portland. No special change in volume of trade.



28. San Francisco

MAR., 81.2 FEB., 85.5 MAR. 1938, 77.4

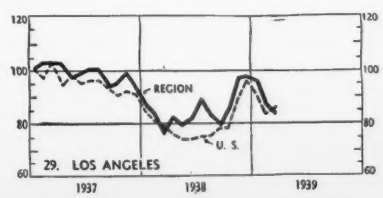
MARCH—Percentage department store sales changes from previous March: San Francisco 1, Oakland 7. APRIL—Percentage retail trade changes from previous April: San Francisco–Oakland —5, Sacramento–Fresno +5. San Francisco wholesale trade shows volume about even with a year ago. Non-irrigated crops feeling the effect of inadequate rainfall. Grain crop about 25% of normal. Asparagus crop in full harvest; yield somewhat below last year. Golden Gate Exposition opened. Payrolls and production steady to below last year. Furniture manufacturing down slightly. Wine and brandy industry quiet. Building active. MAY—Special sales bolstered trade, particularly in retail field. Wholesale buying about same.



29. Los Angeles

MAR., 82.8 FEB., 87.1 MAR. 1938, 76.6

MARCH—Percentage department store sales increases over previous March: Los Angeles 5, Phoenix 9. APRIL—Los Angeles retail trade up slightly from previous April level; San Diego trade off 5%; Phoenix trade down somewhat. Los Angeles wholesale trade up 5% from a year ago. Citrus, avocado, and lettuce crops in good condition. Water shortage in certain farm sections. Tuna industry active. Payrolls and production above last year. Motion picture and aircraft industries operating ahead of 1938. Oil production down; refining operations up. Building operations below March, but still active. MAY—Retail sales about even with last year. Furniture and apparel stores most active. Aircraft manufacturing leading industry.



S.S. AQUITANIA IN NORTH RIVER, NEW YORK CITY—GENDREAU

INDUSTRIAL AND COMMERCIAL FAILURES

	Number of Failures			Current Liabilities *			Total Liabilities *			Dun's Insolvency Index † Unadjusted			Dun's Insolvency Index † Adjusted ‡		
	1939	1938	1937	1939	1938	1937	1939	1938	1937	1939	1938	1937	1939	1938	1937
Jan.	1,263	1,377	841	19,122	21,415	12,003	23,192	27,162	14,992	69.3	76.2	47.7	56.3	62.0	38.8
Feb.	963	1,149	755	12,788	21,028	14,004	12,795	25,501	22,887	62.5	75.2	50.6	54.3	65.4	44.0
Mar.	1,123	1,167	861	17,915	40,325	22,591	18,228	80,373	78,878	61.7	64.8	47.1	61.1	64.2	47.1
Apr.	1,140	1,172	818	17,492	21,147	12,893	20,750	29,355	13,628	62.6	65.1	48.3	60.8	63.2	47.4
May	....	1,123	875	....	19,139	13,088	....	19,831	14,965	...	59.8	47.6	...	59.2	47.6
June	....	1,073	703	....	15,918	12,829	....	16,892	16,737	...	64.1	41.1	...	67.5	43.3
July	....	1,038	651	....	14,761	12,780	....	15,008	13,955	...	57.2	37.9	...	64.3	42.1
Aug.	....	1,015	736	....	16,382	14,950	....	17,252	19,473	...	53.8	39.7	...	63.3	46.7
Sept.	....	866	584	....	14,341	9,818	....	15,183	11,308	...	51.6	35.2	...	61.4	41.9
Oct.	....	997	815	....	13,219	14,079	....	16,960	15,381	...	54.7	45.2	...	59.4	49.1
Nov.	....	984	842	....	12,302	16,400	....	17,281	17,709	...	53.9	52.7	...	51.8	51.2
Dec.	....	875	1,009	....	36,528	27,818	....	54,736	36,963	...	56.7	58.0	...	56.1	58.0
Total	....	12,836	9,490	....	246,505	183,253	....	335,534	276,876	...	61.1	45.9	...	...	...

* In thousands of dollars. † Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

ANALYZING THE RECORD OF INDUSTRIAL *and* COMMERCIAL FAILURES

APRIL FAILURES PRACTICALLY UNCHANGED FROM MARCH

AT least for one short moment one phase of business activity achieved stability! Commercial and industrial failures totalled 1,140 in April, 1,123 in March. And, moreover, the figure was 1,172 a year ago. The similarity in numbers extended also to the industry group totals. With the exception of this purely coincidental feature, the April record of failures was quite unexciting. The most important fact, no doubt, was that the lack of a seasonal decline in March failures was not corrected by an appreciable drop in April.

The change in the insolvency index from 61.7 in March to 62.6 was practically equal to the change in the number of failures, since the number of working days was equal in the two months. The index, however, slightly widened the drop from the level of a year ago, for at the present time there are some 20,000 more concerns in business.

Failures in April occurred at the rate of 62.6 in every 10,000 concerns compared with 65.1 a year ago, a drop of 4 per cent. The April index for the last few years has been as follows:

April, 1934	62.4	April, 1937	48.3
April, 1935	68.2	April, 1938	65.1
April, 1936	52.5	April, 1939	62.6

A slight April rise in the index is a normal occurrence. The present rise of only 17 failures did not equal the normal upturn, and the adjusted index dropped slightly from 61.1 to 60.8. Apparently part of the usual end-of-the-quarter rise in failures was anticipated in March, when failures did not drop as expected.

April liabilities amounting to $17,492,000 were little changed from the March figure of $17,915,000, but were about $4,000,000 less than a year ago. The greater part of the saving was in the retail and commercial service fields, among apparel shops and hotels in particular.

The similarity of industry group totals in the three time periods under consideration is shown in the following table:

Industry Group	April 1939	March 1939	April 1938	Per Cent Change April '38—'39
Manufacturing	219	210	210	+ 4
Wholesale Trade	136	124	124	+ 10
Retail Trade	688	683	748	— 8
Construction	51	54	40	+ 28
Commercial Service	46	52	50	— 8
Total	1,140	1,123	1,172	— 3

Retail failures, which comprise 60 per cent of the total, remained unchanged in April, but manufacturing and wholesale failures rose 4 and 10 per cent respectively. A definite increase in wholesale failures in April has occurred each year since 1934. Manufacturing failures since the beginning of the year have with each succeeding month slightly increased their proportion of the whole.

The failure record over the past six years shows that a sharp rise in retail failures usually occurs some time during the Spring. In 1934 the rise took place as late as May; in 1935 it was in April; in 1936 in March; in 1937 in March and again in May; in 1938 in April; and this year in March, followed by an equally high level in April.

Manufacturing, wholesaling, and construction failures are in excess of those a year ago. Construction failures dropped in April, 1938, so that the present level appears high in contrast. Retail failures at the present time are about on the level of those for March and May of last year, but failed by 8 per cent to reach the level for last April.

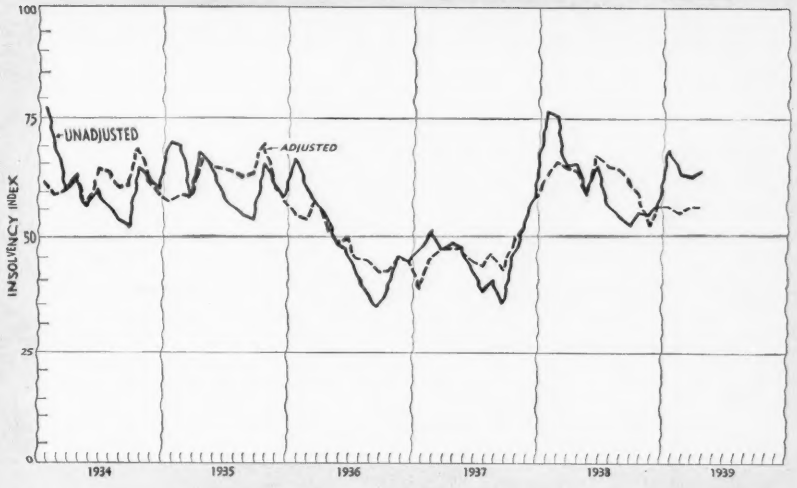
The fact that the similarity in totals is coincidental is disclosed by an examination of the movements in the sub-groups. Manufacturing failures in foods, fuels, leather goods, and machinery were higher in April than in either March of this year or April a year ago, while in textile products particularly they were much lower. Failures among food wholesalers, nearly 40 per cent of all wholesale failures and unchanged in number between March and April, were a third higher than in last April. In retail trade, changes up or down were relatively slight between April and March, with the exception of failures of country general stores which increased from 15 in March to 31 in April. Compared with a year ago, most of the decrease in retail failures was due to fewer defaults among apparel shops.

As to size, the ratio of the very small failures to the total has risen each month since the beginning of the year from 38.4 per cent to 46.7 per cent, while the ratio of the next size group (failures with liabilities between $5,000 and $25,000) has fallen from 49.5 to 41.3 per cent. Failures with liabilities between $25,000 and $100,000 have hovered around 10 per cent of the total, and those over $100,000 between 1 and 2 per cent.

Size Group Liabilities	April 1939	April 1938	Per Cent Change
Under $5,000	532	440	+21
$5,000–$25,000	471	577	−18
$25,000–$100,000	112	114	− 2
$100,000 and over	25	41	−39
Total	1,140	1,172	− 3

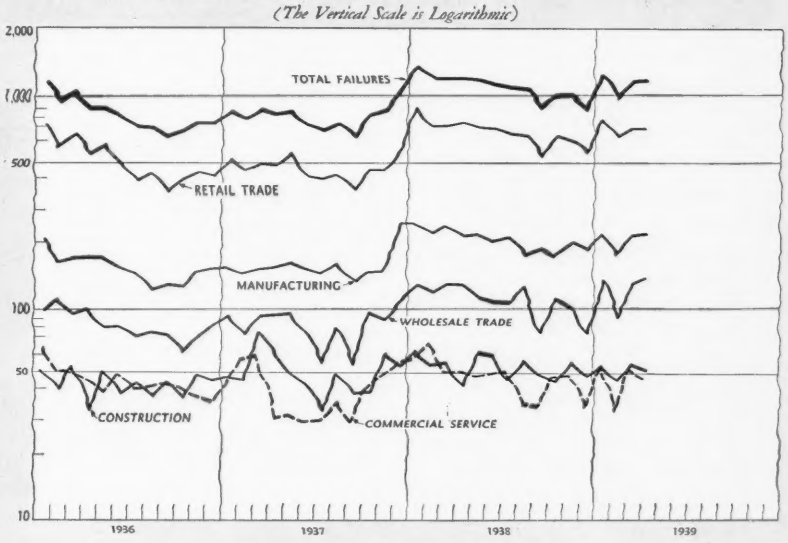
During April there was some increase in the number of failures with liabilities over $25,000, but compared with a year ago the record indicates that failures among all sized concerns

MONTHLY TREND OF THE INSOLVENCY INDEX



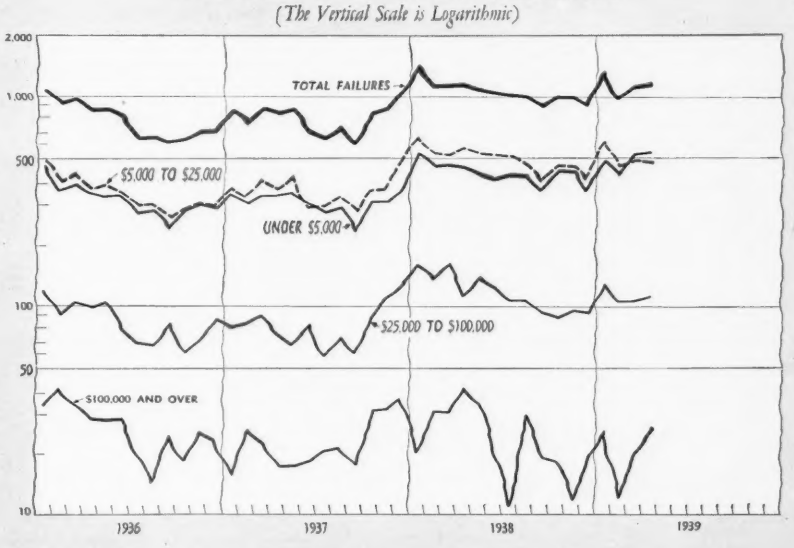
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is Logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is Logarithmic)



but the very small are substantially lower than in April, 1938. Failures of the very small concerns with liabilities under $5,000 are, on the other hand, 21 per cent above those of last April. Compared with 20 in March and 41 a year ago, 25 failures with liabilities in excess of $100,000 were reported in April; 15 manufacturers, 5 wholesalers, and 5 retailers. Two of the manufacturing concerns, a coal mining company and a shoe concern, were in the class of those with liabilities over $1,000,000. Fourteen petitioned for reorganization through Chapter X of the Bankruptcy Act, 6 sought an arrangement of unsecured debts, and the remaining 5 cases were voluntary or involuntary bankruptcy, assignment and composition.

Canning companies continue to appear in the list of large failures. Since the first of the year 5 have been reported from various parts of the country. The oldest was started in 1900, 2 in the 1920's and 2 in the last three years.

Geographically, failures were up in only three Federal Reserve Districts out of the twelve—New York, Cleveland, and Atlanta. In the other districts the changes were only slight. In these three, however, the increases were sharp and were spread over manufacturing, wholesaling, and retailing. Compared with a year ago, failures were noticeably higher in the Philadelphia, Richmond, and Atlanta Districts, and decidedly lower in Boston, St. Louis, and San Francisco. There were no drastic changes in the State reports between March and April or April and a year ago.

Federal Reserve District	Jan.-Apr. 1939	Jan.-Apr. 1938	Per Cent Change
St. Louis	145	205	— 29
Boston	356	458	— 22
Cleveland	320	366	— 13
San Francisco	470	531	— 11
New York	1,244	1,393	— 11
Chicago	705	760	— 7
Kansas City	213	217	— 2
Minneapolis	81	83	— 2
Atlanta	257	252	+ 2
Philadelphia	316	301	+ 5
Richmond	247	202	+ 22
Dallas	135	97	+ 39
Total	4,489	4,865	— 8

Failures by Divisions of Industry—April, 1939 and 1938

(Liabilities in thousands of dollars)

	Number			Current Liabilities		
	April 1939	March 1939	April 1938	April 1939	March 1939	April 1938
Total United States	1,140	1,123	1,172	17,492	17,915	21,147
Manufacturing (total)	219	210	210	8,294	7,875	7,535
Foods	62	51	34	1,444	3,248	1,200
Textiles	41	50	50	1,024	1,614	1,806
Forest Products	18	20	29	340	742	1,025
Paper, Printing and Publishing	13	15	11	666	188	114
Chemicals and Drugs	6	7	11	100	55	168
Fuels	11	3	7	1,164	755	523
Leather and Leather Products	9	7	4	1,837	86	442
Stone, Clay, Glass, and Products	1	8	10	8	155	454
Iron and Steel	12	12	14	363	306	973
Machinery	17	15	9	565	302	243
Transportation Equipment	2	4	3	388	145	120
All Other	27	18	28	395	279	467
Wholesale Trade (total)	136	124	124	2,393	2,037	2,661
Farm Products, Foods, Groceries	52	52	39	876	1,006	769
Clothing and Furnishings	10	3	12	97	18	371
Dry Goods and Textiles	4	2	8	36	70	354
Lumber, Building Materials, Hardware	11	10	9	412	272	215
Chemicals and Drugs	1	5	5	2	55	52
Fuels	5	2	1	180	11	11
Automotive Products	6	12	11	146	73	223
Supply Houses	12	13	12	100	132	127
All Other	35	25	27	544	400	539
Retail Trade (total)	688	683	748	5,566	5,662	7,055
Foods	189	197	197	1,096	1,009	1,163
Farm Supplies, General Stores	31	15	26	273	83	250
General Merchandise	37	33	39	423	353	293
Apparel	134	140	180	795	1,284	1,787
Furniture, Household Furnishings	61	59	57	586	727	539
Lumber, Building Materials, Hardware	29	36	40	536	382	311
Automotive Products	50	49	53	538	518	914
Restaurants	70	62	54	443	453	994
Drugs	41	45	44	369	313	364
All Other	46	47	58	507	540	440
Construction (total)	51	54	40	744	1,228	1,195
General Contractors	2	5	5	32	120	41
Carpenters and Builders	14	14	8	171	664	405
Building Sub-contractors	31	33	23	379	393	343
Other Contractors	4	2	4	162	51	406
Commercial Service (total)	46	52	50	495	1,113	2,701
Cleaners and Dyers, Tailors	11	6	10	113	54	208
Haulage, Buses, Taxis, etc.	9	17	18	119	658	241
Hotels	2	1	3	65	5	1,853
Laundries	8	4	4	83	109	81
Undertakers	7	6	2	56	57	9
All Other	9	18	13	59	230	309

Canadian failures dropped from 99 in March with $1,099,000 liabilities to 94 with $900,000 liabilities in April. Comparison with the 47 failures reported in April, 1938, is misleading, for with the exception of that one month Canadian failures in the Spring of 1938 were running in the nineties on a level about like that of the present time.

There was little change in industry, size, or geographical distribution between the March and April failures.

Note: In Dun's Statistical Review there are published more detailed failure statistics by States, large cities, industrial divisions, and size of liabilities.

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "Dun's Statistical Review"

Building Permit Values—215 Cities

Geographical Groups:	April 1939	April 1938	Change P. Ct.	March 1939	Change P. Ct.
New England	$4,684,888	$5,264,828	— 11.0	$14,751,105	— 68.2
Middle Atlantic	25,146,730	23,801,244	+ 5.7	31,085,187	— 19.1
South Atlantic	10,598,931	8,784,316	+ 20.7	11,982,086	— 11.5
East Central	17,381,483	14,324,190	+ 21.3	21,758,026	— 20.1
South Central	11,052,293	11,406,227	— 3.1	10,614,141	+ 4.1
West Central	6,846,934	3,912,208	+ 75.0	5,538,142	+ 23.6
Mountain	2,849,180	1,682,431	+ 69.3	3,187,873	— 10.6
Pacific	16,707,802	15,666,921	+ 6.6	19,773,839	— 15.5
Total U. S.	$95,268,241	$84,842,365	+ 12.3	$118,690,399	— 19.7
New York	$18,690,979	$16,197,699	+ 15.4	$21,312,975	— 12.3
Outside New York	$76,577,262	$68,644,666	+ 11.6	$97,377,424	— 21.4

Bank Clearings—22 U. S. Cities

(Millions of dollars)

	Monthly			Daily Average		
	1939	1938	1937	1939	1938	1937
January	23,187	21,798	27,226	927.5	871.9	1,089.0
February	19,711	17,584	23,720	896.0	799.2	1,078.1
March	24,995	22,822	29,412	925.7	845.3	1,089.3
April	21,798	21,667	26,086	871.9	833.4	1,003.3
May	.....	20,169	23,951	....	806.8	958.0
June	.....	23,959	25,903	....	921.5	996.3
July	.....	21,624	26,015	....	865.0	1,000.6
August	.....	19,716	22,260	....	730.2	856.2
September	.....	21,733	24,076	....	869.3	963.0
October	.....	24,011	24,668	....	960.4	986.7
November	.....	21,637	21,796	....	940.7	947.6
December	.....	27,697	25,805	....	1,065.3	992.5
Total	.....	264,417	300,918	....	875.8	996.7

Bank Clearings for Individual Cities (000 omitted)

	April 1939	April 1938	Change P. Ct.	March 1939
Boston	$1,066,508	$851,814	+ 25.2	$980,610
Philadelphia	1,494,000	1,460,000	+ 2.3	1,713,000
Buffalo	135,094	129,354	+ 4.4	131,008
Pittsburgh	450,349	452,979	— 0.6	480,261
Cleveland	378,855	357,063	+ 6.1	397,312
Cincinnati	233,244	230,772	+ 1.1	251,049
Baltimore	274,055	270,498	+ 1.3	295,939
Richmond	147,893	141,508	+ 4.5	159,989
Atlanta	240,500	211,200	+ 13.9	252,900
New Orleans	150,484	138,305	+ 8.8	181,297
Chicago	1,195,761	1,173,652	+ 1.9	1,285,827
Detroit	396,846	336,227	+ 18.0	411,008
St. Louis	348,321	335,226	+ 3.9	387,662
Louisville	133,677	127,084	+ 5.2	154,565
Minneapolis	259,340	266,163	— 2.6	264,544
Kansas City	349,433	345,049	+ 1.3	372,532
Omaha	116,473	111,782	+ 4.2	133,263
Dallas	208,809	201,879	+ 3.4	229,452
San Francisco	571,313	570,180	+ 0.2	599,780
Portland, Ore.	123,145	118,130	+ 4.2	152,317
Seattle	140,990	138,402	+ 1.9	149,529
Total 21 Cities	$8,415,090	$7,967,267	+ 5.6	$8,983,844
New York	$13,382,998	$13,700,223	— 2.3	$16,010,937
Total 22 Cities	$21,798,088	$21,667,490	+ 0.6	$24,994,781

Dun & Bradstreet Weekly Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use.

Weeks:	1939	1938	1937	1936
May 30	$2.25	$2.34	$2.85	$2.54
May 23	2.25	2.35	2.85	2.55
May 16	2.27	2.35	2.86	2.52
May 9	2.28	2.34	2.84	2.54
May 2	2.27	2.36	2.82	2.58
Apr. 25	2.27	2.36	2.86	2.60
Apr. 18	2.28	2.37	2.89	2.59
Apr. 11	2.28	2.37	2.89	2.64

	High		Low	
1939	$2.34	Mar. 7	$2.25	May 23
1938	$2.53	Jan. 4	$2.34	May 10
1937	$3.01	Mar. 16	$2.56	Dec. 28

Dun & Bradstreet Daily Weighted Price Index 30 Basic Commodities

(1930-1932 = 100)

	1939			
	May	Apr.	Mar.	Feb.
1	104.77	103.79	106.24	105.65
2	105.02	†	106.21	105.48
3	105.10	103.91	106.12	105.48
4	105.44	103.59	106.21	105.36
5	105.82	103.76	†	†
6	106.01	103.42	106.47	105.08
7	†	*	106.19	104.93
8	105.99	*	105.94	105.13
9	106.61	†	105.82	104.63
10	106.70	103.44	105.46	104.87
11	107.54	103.65	105.30	104.80
12	107.44	103.69	†	†
13	107.39	103.17	104.84	*
14	†	103.34	104.67	104.96
15	106.61	103.29	104.90	105.28
16	106.64	†	104.64	105.31
17	106.67	103.47	104.69	105.50
18	107.03	103.91	104.64	105.50
19	106.89	104.14	†	†
20	106.96	104.03	104.76	105.82
21	†	104.06	104.89	105.80
22	106.64	103.95	104.94	*
23	106.72	†	104.82	105.94
24	107.66	103.71	104.64	106.14
25	107.59	103.50	104.79	106.15
26	108.02	103.75	†	†
27	107.71	103.80	104.76	105.88
28	†	104.54	104.59	105.99
29	107.48	104.50	104.23	
30	*	†	104.19	
31	107.35		104.06	

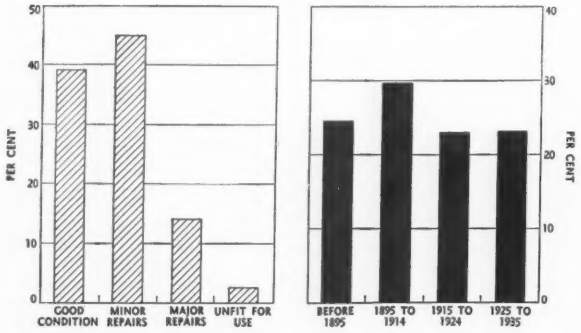
† Sunday. * Markets closed.

	High		Low	
1939	108.02	May 26	103.17	Apr. 13
1938	117.06	Jan. 10	102.43	June 2
1937	158.26	Apr. 5	114.83	Dec. 30

THROUGH THE STATISTICIAN'S EYES

ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD

Urban Housing



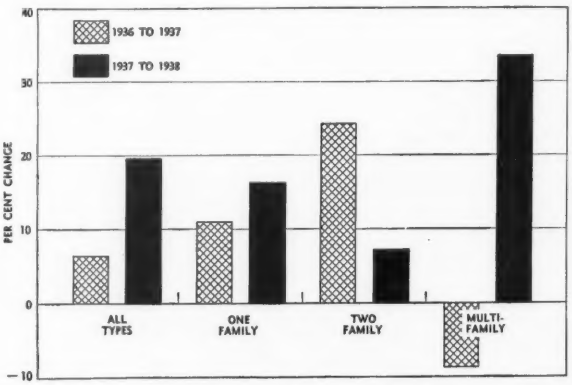
CONDITION OF URBAN HOUSES *and* TIME OF CONSTRUCTION—*1934-1936 Survey—Works Progress Administration—The majority of urban residences were in fairly good condition at the time of the survey; more than one-half of the houses were built before the war.*

RESIDENTIAL BUILDING activity has been considered the outstanding favorable factor in the domestic economy this year and last. For that reason, facts concerning where this aspect of the building industry stands, and where it seems to be going, are of particular interest. The condition of more than 8,000,000 dwelling units in 203 urban areas between 1934 and 1936, as revealed by a WPA investigation, gives a fairly good indication of the general characteristics of the housing situation as it exists at the present time in the United States.

About 8 per cent of the dwellings were vacant at the time of the survey, and of these, one-third were either unfit for use or in need of major repairs. On the other hand, 17 per cent were overcrowded—that is, housed more than one person per room. Over one-half of the houses were built before 1915 and one-fourth before 1895. Forty-six per cent were single-family houses, and 30 per cent were multi-family dwellings. A lack of proper sanitary facilities was found in 20 per cent, and only 44 per cent of the one-family owner-occupied homes were free of mortgages. Minor repairs were needed in 45 per cent of the total, while 15 per cent needed major repairs, and 2 per cent were unfit for use as housing accommodations. It was estimated that, assuming "minor repairs" to cost about $500, and "major repairs" about $15,000, the expenditures necessary to put the nation's residences in good condition would total about $7,750,000,000—nearly six times the estimated dollar volume of construction during 1938.

Since 1936, more than 450,000 new dwellings have been built. In 1937, 6 per cent more houses were built than in the previous year, and the upward trend was even more pronounced in 1938, when a 20 per cent increase over 1937 was registered. There were differences in the types of dwellings predominating in the two years, however. In 1937, the largest percentage gain (24 per cent) was in two-family structures, and multi-family dwellings showed a 9 per cent decline from the preceding year, while in 1938 the two-family dwelling increase was slight (7 per cent), and a 33 per cent gain in multi-family structures was noted.

How long the demand for new dwellings will last will depend partly on how many already existing residences are allowed to deteriorate to the point of being unfit for habitation. Population theorists, commenting on the much-discussed slackening in the rate of population growth, have pointed out also that, as fewer people become of marriageable age at a given time, the demand for new houses may decline proportionately.

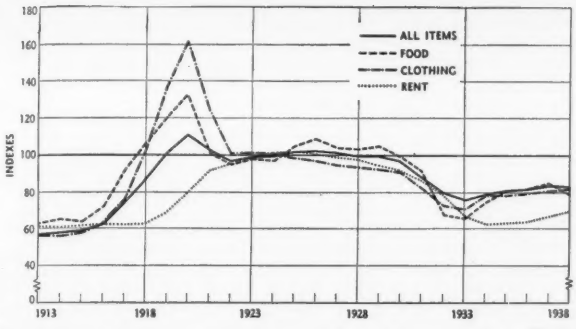


PER CENT CHANGE IN NUMBER OF NEW FAMILY DWELLINGS—*1936-1938—U. S. Department of Labor—All types of dwellings provided by new construction in urban areas except two-family units showed a larger percentage increase between 1937 and 1938 than between 1936 and 1937.*

The Cost of Living

MUCH TO-DO has been made of the rising cost of living in this country during recent years. Almost everything has been held responsible for the upward trend of prices since 1933—some point an accusing finger at the policies of the Administration as the chief cause, and some blame "monopolistic practices and other unwholesome methods of competition." The kind of argument is probably typical of any period of rising prices, but the extent of the phenomenon itself apparently tends to be exaggerated. Some of the facts, according to Bureau of Labor Statistics data, are these:

Prices of goods purchased by wage earners and lower-salaried workers in 32 large cities increased more than 100 per cent from 1913 to 1920, then declined through 1922, and

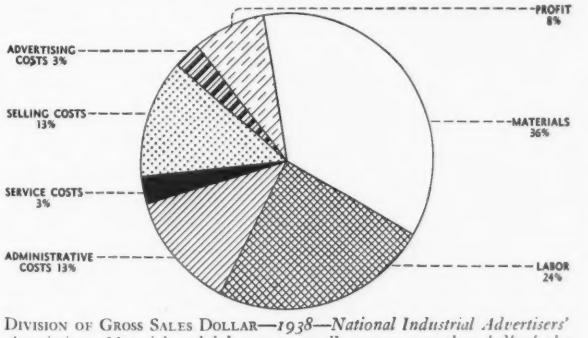


CHANGES IN THE COST OF LIVING—*1913-1938—1926 = 100—U. S. Bureau of Labor Statistics—Annual indexes of the important elements of the cost of living of wage earners and low-salaried workers in 32 large cities followed fairly similar trends during most of the last twenty-five years; widest variations occurred in war-time.*

continued on a fairly even keel, about 14 per cent below the 1920 peak, from 1923 to 1929. From 1929 to 1933 the cost of living index declined about 24 per cent further, then turned upward, but the increase between 1933 and 1937 was only about 11 per cent. Preliminary estimates for 1938 showed a slight decline of about 2 per cent from the 1937 level. In other words, at the close of 1938 the cost of living, after having risen at a slow rate for several years, was about midway between the pre-war level and the level of the 'twenties. The net decline from June, 1920, to December, 1938, in the cities observed was 31.8 per cent. Since 1927, costs of the miscellaneous group—which includes 44 items such as street-car fares, motion pictures, newspapers, laundry services, medical care, etc.—have consistently topped the "all items" average, while rent costs have consistently fallen below.

Sales Dollar Split-Up

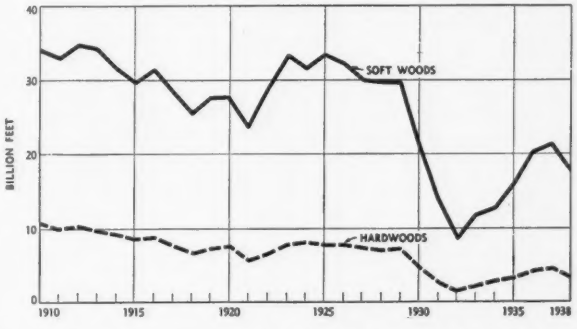
OF INTEREST to all advertising, selling, and management executives is the problem of how important industrial establishments divide their gross sales dollar. About 60 industrial companies reporting to the National Industrial Advertisers' Association indicated that manufacturing costs took up 60 per cent of the total. This percentage also applied to the capital equipment industry as a unit, although other industrial groups showed variations.



DIVISION OF GROSS SALES DOLLAR—*1938—National Industrial Advertisers' Association—Material and labor costs swallow up more than half of the gross sales dollar, and the rest is divided among administrative, service, selling, and advertising costs, and profit.*

Manufacturing costs—that is, material and labor—accounted for only 44 per cent of the gross sales dollar of producers of operating supplies, while service costs were 10 per cent of the total, and profits amounted to 12 per cent, as compared with an 8 per cent profit average for all industries reporting. Other deviations from the general average were indicated by manufacturers of building materials; manufacturing costs amounted to 65 per cent of the total, administrative costs to only 9 per cent, advertising costs to 2 per cent, and profit to 7 per cent.

Lumber



LUMBER PRODUCTION—*1910-1938—National Lumber Manufacturers' Association—Fluctuations in softwood production have been much more marked than those in hardwood production, and, in general, the volume of softwood production has been much greater than that of hardwood.*

A LONG-DELAYED MOVEMENT toward the conservation of our natural resources has been gaining headway in recent years. Legislation has recognized the forestry problem as one of the most important parts of this program, and has fostered Federal, State, and private co-operation in the protection of our timber. The result, as indicated by U. S. Forest Service data, was an approximate balance between forest growth and forest drain in 1936 in most areas of the country, although in some Southern regions and in the South Rocky Mountain district the ratio of drain to growth was less than 1 to 1 for saw-timber and cordwood combined, and in California the ratio was slightly more than 3 to 1.

About one-half of all timber removed from the commercial forests of the United States in 1936 was taken from forests in the South, and about 40 per cent of the total was taken out by the lumber industry—the rest being either extracted for such purposes as fuel wood, pulpwood, ties, fence posts, shingles, etc., or destroyed by such agencies as fire, insects, and disease. More than 80 per cent of the total output in 1937 was softwood, according to U. S. Census Bureau figures. Three important softwood species—Southern pine, Douglas fir, and Ponderosa pine—represented more than two-thirds of all lumber produced in that year.

HERE AND THERE IN BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Flowers—That carnation you wore for Mother's Day may have been descended from one which cost a Mr. Lawson $40,000 to $50,000 many years ago. However, there's not much chance you wore one of the $4,500 flowers called Marchioness of Headfort, imported from Ireland.

The Marchioness variety is one of those accidents which make the seed and bulb business as exciting as finding old stamps every Spring. A gardener on the Marchioness's estate bought a package of mixed carnation seeds. One grew up into a beautiful new type of flower. After growers developed it, Peter Beuerlein's Sons, of Westwood, N. J., purchased American rights to the carnation for £1,000.

The $40,000 price first mentioned was paid by a Mr. Lawson many years ago for the entire stock of a new carnation, which he then named Mrs. Lawson. By some odd alchemy of the breeder's world, Mrs. Lawson, the flower, has disappeared from catalogues and is now most approximated by a light pink Mrs. Ward.

Taxidermy—Especially worldly and international in their associations are 66 of those things at the New York World's Fair called dioramas, three-dimensional, painted-and-molded exhibits. In addition to those of several other diorama builders, Flushing, N. Y., is the richer just now for six life-sized sets for the National Cash Register Company, and the Borden Company's 60 miniature ones, many of them scenes showing the fields and factories of Borden's suppliers.

The international atmosphere of these sets is imparted not so much by their subjects as by the environment in which they were made—side by side with lions, tigers, and other-continent whatnot in the James L. Clark studios of New York City's Bronx.

Back in 1910, when Dr. James L. Clark was returning from Africa, his hunting companions, John T. McCutcheon (DUN'S REVIEW, February, 1938) cartoonist of the *Chicago Tribune*, and Fred Stephenson, asked him to mount their trophies, thus starting the James L. Clark Studios.

A hunter as well as taxidermist, in 1926 Dr. Clark journeyed across Central Asia in search of the rare ovis poli and ibex. Some Mongols also engaged in a search—for Dr. Clark. The Mongols were successful: torture and everything. He escaped to Peiping in 1927.

Contrary to general belief, taxidermy is no longer synonymous with stuffing. The fashion now is to stretch skin or hide over hollow, papier-maché dummies. A few years ago the Studios made up an extra dummy of an elephant and painted him a nice dull black. Shortly afterward Dr. Clark moved his goods and chattels to new quarters. A cordon of small boys, happy in the discovery that the circus had come to town, followed the elephant-laden truck through traffic for several blocks. Now a dubious fixed asset, the elephant dangles from a high ceiling to save space.

The Clark Studios went into dioramas as a result of their realistic work in making and staging museum groups.

Approached by The Texas Company in 1935, they built an oil field group, which led to the making of The Texas Company exhibit at the Dallas Centennial, and so to the Fair.

In 1938, James L. Clark Industrial Exhibits, Inc., was set up in New York City as diorama builders. It's at the same address as the taxidermy studios though, and if you drop in some time looking for the industrial world of tomorrow, as likely as not you'll stumble over a spare dinosaur part.

Musicale—The ancient Greeks, upon whose advertising veracity any Better Business Bureau would certainly have scowled, publicized a musician named Orpheus, who moved building blocks onto the city walls with an agile arpeggio of his lyre.

A modern equivalent to this industrial feat is to be heard in New York City. Muzak, an organization which

KORDEVON—*New note in pianos: Kordevon, a leather-like fabric, covers current models of the Rudolph Wurlitzer Company, Cincinnati, Ohio. It is ten-times coated with pyroxylin plastic, comes in colors or designs to match the room, is weather resistant.*

MAILOMAT—*Farewell to affectionate messages hinted by stamps pasted upside down on personal mail. Pitney-Bowes Postage Meter Company, Stamford, Conn., presents this ingenious automatic postage meter, with a 60 cent limit.*

pipes music over telephone wires (as mentioned in the March, 1938, DUN'S REVIEW) is now sending programs to longshoremen loading freight on a pier, to 500 people addressing envelopes all day, and to apartment housewives.

Muzak industrial programs are planned to decrease monotony, as surveyed in a British report called "Fatigue and Boredom in Repetitious Work." Ten minute musicales, for instance, are followed by four minutes of silence.

Vocals on programs, to everyone's surprise, have not proved distracting or error-causing. Women prefer male singers. Men don't care either way.

One use for the music is in a room where dress models parade. Buyers seem to give bigger orders under the influence of a few grace notes.

Vocal Mail—You know that the accommodating telegraph companies will sing holiday and other special greetings for you; but have you seen the talking greeting cards which give a similar effect via postman? White & Wyckoff, Holyoke, Mass., manufacturers of the cards say they've been doing a roaring business in them.

A metal tape scored with horizontal lines speaks for each card. The recipient sets a thumb nail against it and pulls down quickly. Friction against the metal ridges produces a murmur of words appropriate to the joyous occasion.

Now that the cards have been introduced to the public, the manufacturer is flirting with the thought of letting national advertisers and advertising agencies use the tapes to deliver "commercials."

Kennel—Judging from American Kennel Club information, dogs support a considerable amount of business. Although the club has no census figures, it believes there are between 12 and 15 million dogs in the country. Calculating ten cents a day as average for feeding one, the club arrives at an expenditure of between $120,000 and $150,000 daily for Fido-rations.

Owners of pure bred dogs, registered with the A.K.C., are estimated to travel their pets 100 million miles visiting 336 dog shows annually. Since more than 1,200 championships are granted to show winners each year, a one-time "ch." doesn't rate as highly nowadays. Ambitious owners pile title on title, routing their four-footed aristocrats from show to show.

The American Kennel Club recognizes 109 breeds, number 109 being one lonely, imported Bernese Mt. dog. There hasn't been a new breed developed here since the Boston Terrier, 50 years ago.

Maintaining pure bred dogs which cost anywhere from $50 to $10,000 becomes a bigger business every year. New York City stores, for instance, do a good trade in tailored dog suits; and the canning industry daily delivers thanksgiving for canned dog food, its second biggest customer.

As costume jewelry the scottie dog has, until lately, been seen at thousands of feminine throats. Since this popularity stimulates new interest in a breed, the Kennel Club wishes some of its less well known dogs, such as Puli, a Hungarian cattle dog, "small—like a floor mop," would also share the fashion spotlight.

KOVAR—*Radio transmitter tubes with vastly greater power are sealed with Kovar, an alloy which fuses with glass and expands at the same rate, which makes it valuable for sealing vacuum tubes such as the ignitron tube above. Kovar was developed at Westinghouse Research Laboratories, E. Pittsburgh, Pa.*

Prepacking—At least 36 furniture manufacturers are cutting costs for the wholesaler and retailer by prepacking items in fibreboard containers, largely due to urging by a National Retail Furniture Association committee, headed by Ludwig-Baumann's Walter S. Baumann.

Furniture prepacking begins when a factory puts its product in a light, sturdy carton. Cost figures for shipping three prepacked pieces, totalling

AKLO—*People who work in glass houses —are employees of Curtiss-Wright Corporation's aeroplane factory, Buffalo, N. Y., additions to which have Aklo glass, a Libby-Owens-Ford product, on three sides. Aklo reduces glare and cuts heat from the sun more than one-quarter.*

292 pounds, published by the Retail Furniture Association of California, show a weight saving of 146 pounds, slicing $4.34 from the freight bill.

A dealer stores prepacked furniture as received. Sales are from a display room sample; delivery from the warehouse is in the original carton. This eliminates unpacking each piece, moving it to the sales floor, and repacking it for delivery.

Carton prepacking problems include preventing merchandise from chafing against carton sides, and, in suspension cartons, suspending the product securely without damaging it.

Even newer than the furniture prepacking campaign was introduction, last month, of a display glass top which fits the Railway Express refrigerator trunks for less carload lot shipments of frozen foods. Dealers set up the l.c.l. container, put on the display cover, and sell directly from it without unpacking the merchandise.

Yarn—A cementing tape to keep clothing from gaping at the seams is being introduced by the Celanese Corporation of America. Fabric containing cellulose acetate yarn is inserted along a seam. When heat and pressure are applied, the tape coalesces, uniting with the garment material. The seam cementing tape is already being used in Philadelphia and Boston.

Microchemist—In poverty-stricken Austria just after the World War two chemists, Friedrich Emich and Fritz Pregl, refused to give in to their own poverty, refused to give up their expensive chemical research. Out of their stubbornness came microchemistry. By using minute quantities of reagents in tiny, improvised apparatus they were able to save much money; by keeping their proportions of materials the same they were able to effect the same experi-

MICROCOSM—*Dr. Bruce Ashcroft, in his microchemical laboratory, weighs a millionth of a gram on a machine where even a speck of dust disturbs the delicate balance.*

ments they had carried on in happier days on a large scale.

And more than this, it developed that under the new conditions certain new experiments were possible which could not have been made before, because some materials were available only in small quantities no matter what the cost. For his part in this pioneering Fritz Pregl later won the Nobel prize.

In Pittsburgh, Pa., in 1934, a young chemist in the Westinghouse Electric & Manufacturing Company, Bruce Ashcroft, convinced himself that there were problems in the electrical industry which chemists far more expert than he would not be able to solve, simply because they were limited by convential-sized apparatus and yet had to test midget units of material. He next convinced his superiors that microchemistry was worth a try and had them ship him off for graduate study.

Two years ago Dr. Ashcroft returned to Westinghouse and proceeded to design his new laboratory. In place of racks with seven-inch test tubes and tables cluttered with cumbersome retorts appeared little one-inch tubes and miniature retorts. Porcelain crucibles were supplanted by one-inch porcelain containers resembling toy boats.

The heart of the new technique was represented by the *microbalance*, a chemical weighing machine so sensitive that it can weigh a millionth of a gram. It is kept in an air-conditioned chamber in which the air is cleaned of all dust particles, so that they shall not disturb the balance. So that Ashcroft can see what he's doing there are five microscopes, one for one eye, one for two eyes, and three other special ones.

This is the sort of experiment Dr. Ashcroft can perform: From a steel mill an engineer sent him a piece of cloth with which he had wiped an alien film from a commutator. There was only enough film to leave a discoloration on the cloth, but for the microchemist's analysis that was enough.

Vision—Competing, it is said, with no other, *Vision*, a new Sunday magazine supplement, is being groomed under direction of the Crowell Publishing Company's chairman, Joseph P. Knapp, to cover small cities with their own trading areas, not included in circulation of the big-city competitors, *This Week* and *American Weekly*. Cities covered will be of the size and type of Erie, Pa., and Lexington, Ky.

Vision is to be edited along lines set down in a survey by Dr. George Gallup and the American Institute of Public Opinion. In deference to small city readers, no liquor accounts will be accepted. Each page will be a self-contained unit, with no stories running over. Captions and photographs will fill 75 per cent of an issue.

Vision will be owned by Publication Corporation, of which 75-year old Joseph P. Knapp, Chairman of Crowell Publishing Company, is head. Its editor will be Charles M. Kinsolving, former Associated Press correspondent and son of an Episcopal bishop. An addition to the Crowell and Publication Corporation "stable," it will be printed on the latter company's color gravure presses in Hoboken, N. J., and Chicago, Ill., which also print *This Week*, the *New York Herald Tribune*-founded Sunday supplement.

Thankful—Even folks who were raised on the thankful New England belief that everything the Lord makes is for some good purpose must have wondered how to excuse each new trend in millinery. The current style, we can report, *is* good for something. Thanks to it an ancient industry is reviving. The hat pin is back in headlines. Who knows, we may yet see the shadow of Myrna Loy defending herself from the shadow of Basil Rathbone with a hat pin.

Folly Red—Among cheery business items you may list the fact that now is the biggest blues season in a long time. This is on authority of the Textile Color Card Association of the United States, Inc., whose New York offices are very chipper over the blues.

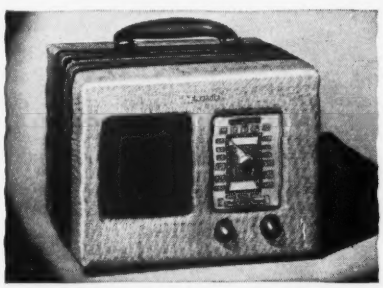
According to the Lady-who-handles-press-contacts, color fashions seem to work out like this: When business is poor, or when women are buying clothes with half their attention glooming over the product—while the remainder is considering news bulletins about the impending boom in cannon balls—then your wife chooses the hooded contrast of black and white.

Blues and better times had cropped up while our man Halsey was browsing over a luscious list of colors for Fall silks, including Masquerade Blue, Carnival Blue, Gaiety Gold, Fiesta Yellow, and Creole Orange. He was particu-

larly intrigued with Folly Red, a bright scarlet type.

Titles for each slice of rainbow were by Textile Card's Managing Director, Mrs. Margaret Rorke, whose palette is splashed with an enviable choice in words. In her opinion, incidentally, a new style significance is forecast for the old-fashioned tones of Plum, French Taupe, and Terra Cotta.

A special gem in the Textile Color Card Association's wares proved to be the Queen of England's official Royal Color Book, illustrating Regina Blue and (delicate tribute to a Pilgrim voyage) Mayflower Lilac. Our color-blind Halsey, who has a dark brown slant on red neckties and traffic lights, viewed these with what he hoped was a judicial air, and, remembering certain personal difficulties with Coronation Red, was mutely grateful for Mayflower Lilac and Regina Blue.



MUSICAL SATCHEL—*Portable radios like this Emerson Radio & Phonograph Corp. model will go on lots of picnics this Summer, manufacturers say happily.*

Pick-Me-Up—In the cast of "Hellzapoppin," current New York lunacy, there's a comedian who carries a portable radio up and down the aisles, looking for a quiet place to sit and enjoy the swinging air waves. We mention this to show how portables appear in the oddest places. They've been overshadowed by the current dither around television; but, according to figures from the R.C.A. Manufacturing Company, which flirtatiously titles its sets "Pick-me-ups," the industry as a whole has marketed nearly a quarter of a million sets in six months.

More than a score of radio companies have portables to offer in long wave, short wave, and permanent wave (exemplified by the combination phonograph-radio).

In case you're interested in commercial uses for suitcase radios, we cite that of George A. Hormel & Company, which has given salesmen a combination radio and phonograph portable for beguiling the grocery boy's boss with examples of a Hormel radio advertising campaign.

Sugar—A lot of sugar went up in smoke in 1937—39,943,671 pounds of it—according to the U. S. Department of Commerce, Census of Manufactures. In dollar figures, that was $1,632,038 worth of sweetening for smoke rings.

Sugar, it seems, is an important part of formulae for all tobacco products, whether smoked, chewed, or sneezed. In liquid form it is either sprayed on the leaf or used for a "stew" in which the smoker's solace is dipped. Sugar, however, is not responsible for what the advertising gentry term "a sweeter smoke." That's derived from qualities in the leaf.

The tobacco industry was sugar's eleventh best customer, according to the Government figures. Biggest caterers to America's sweet tooth were the makers of bread and bakery products, who took more than $55,000,000 worth of sweetening, 1,130,639,487 pounds.

Santophen 20—Termites have worried a lot of people besides property owners. The lumber industry, for instance, has hoped that someone would perfect a termite-proof plank, enabling them to recapture business from rust-proof or corrosion-resistant metal alloys.

Lumbermen have also hoped, perhaps without too much faith, that some way might be found to keep wood from decaying under unfavorable conditions, without marring its external beauty.

For several years past, however, in Monsanto Chemical Company laboratories, St. Louis, Mo., a plant pathologist named Ira Hatfield has been injecting assorted formulae into boards of breakfast food for a startled colony of termites. He wanted a decayless wood for termites not to eat: and he made it with pentachlorophenol.

Wood injected with pentachlorophenol, also called Santophen 20, proves too rough a mouthful for even a college-bred termite. Moreover, a shot in the grain has the same effect on a creaky limb that Ponce de Leon's fabulous Fountain of Youth was expected to have on Spanish explorers.

Hailed with jubilation at Monsanto offices, Santophen 20 is still an unfamiliar quantity to many professional termite chasers. "The best injection we ever get," said one, "is 25 to 35 per cent penetration; and you can't pull foundations out of a house to put them into a vacuum chamber for that. Although, of course, new lumber before use could be injected just as creosote is injected into telephone poles and railroad ties. The thing to work on now is higher per cent penetration."

Wheeldex—A prosperity blotter distributed by Wheeldex Manufacturing Co., N. Y. C., which makes a card filing system, has proved so popular that the company advertises the blotter alone. People who write for it get one which says, "This blotter not made for red ink." Beneath that is, "Red ink blotters free upon request." Wheeldex salesmen enjoy watching folks hunt up some red ink to splash on the blotters as a test.

Loki—Near the end of last month some mischievous spirit, perhaps Loki, the old Norse god, evidently stopped dementing the map makers and shifted his attention to bus transportation.

First evidence of the weird influence was noticed in Queens, a borough of New York City. A bus franchise had just been given to a different company. When the new bus drove up, commuters were startled out of their post-coffee calm to see the disenfranchised bus dash up behind it.

"Come on, folks," shouted their old familiar driver. "Everybody rides free today. No charge, step right in."

This chaotic competition continued all day, while detectives, patrolmen, motorcycle policemen, and radio cars rode herd on the buses to trap passenger-rustlers.

A few days later, however, Loki focussed his disturbing glance on Detroit. Down Grand River Avenue came a bus driver who was very bored.

"What you need," said Loki to the driver, "is a change of scenery, a bus-man's holiday." Forthwith, according to a United Press report, the driver turned off the route and set out to tour the city. The big vehicle twisted left and right, doubling in and out of streets, alleys, and avenues. Finally it just went around in circles.

THE BUSINESS BOOKSHELF

BUSINESS . . . FINANCE . . . ECONOMICS . . . GOVERNMENT

PUBLISHED within a few weeks of each other, three new books in the labor field serve admirably to complement one another. *American Labor,* by Herbert Harris, is a history; *Labor Problems and Labor Law,* by Albion Guilford Taylor, after touching lightly on labor history, discusses in detail labor problems and laws down to the recent Fair Labor Standards Act. At this point Alexander Feller and Jacob E. Hurwitz take up the thread with their *How to Operate Under the Wage and Hour Law.*

History

IN *American Labor* Mr. Harris has avoided two characteristics which have made so many histories dull going—pedantry and the unimaginative, year-by-year dog-trot through the past. He tells his story more as an accomplished journalist than as a teacher, and he lets the subject matter dictate the form which his book takes.

Straight chronological treatment in the first 95 pages summarizes the history of the labor movement from the birth of the Federal Society of Journeymen Cordwainers in the 1790's to the fall of the Knights of Labor.

The middle half, the more important part, of Mr. Harris's book discards historical fetters and develops separately the growth, peculiarities, personalities, philosophies, and techniques of seven unions or groups of unions: the United Mine Workers, the United Brotherhood of Carpenters and Joiners, the American Newspaper Guild, the International Ladies Garment Workers Union, and the railroad, automobile, and textile unions.

In the final quarter of *American Labor* Mr. Harris cuts back to the introductory chapters, carrying forward the historical narrative and tying in the seven unions, one by one. Final events and issues are as fresh as headlines of the last few months. The concluding, unifying chapter, however, does not overturn the evidence of the central portion of the book that it is as hazardous to generalize about "labor" as it is to generalize about "industry."

Laws and Problems

YET generalize is what the law does, perhaps has to do. And so in *Labor Problems and Labor Law* Professor

CURRENT READING

BOOK	AUTHOR	SUMMARY
COMPARATIVE ECONOMIC SYSTEMS, by William N. Loucks and J. Weldon Hoot. Harpers, 838 pages, $3.50.	Respectively Associate Professor and Assistant Professor of Economics, Wharton School of Finance and Commerce, University of Pennsylvania.	An analysis of socialism, communism, fascism, co-operation, and capitalism from the economic point of view. An effort is made to describe their programs not in terms of their philosophical or theoretical basis, but as they are actually operating.
SEIDMAN'S LEGISLATIVE HISTORY OF FEDERAL INCOME TAX LAWS, by J. S. Seidman. Prentice-Hall, 1,060 pages, $10.	Member of the New York Bar; partner in Seidman & Seidman, Certified Public Accountants.	Seeks to make readily available "to all those interested in the meaning of the Federal income tax laws everything of interpretive significance said to or by Congress and passed or rejected from the beginning of income tax legislation (1861) to date."
INTERNATIONAL TRADE IN CERTAIN RAW MATERIALS AND FOODSTUFFS. Columbia University Press, 176 pages, $1.25.	Columbia University Press is the agent in this country; the original publisher is the Economic Intelligence Service of the League of Nations.	Revised statistics for 1935 and 1936 and estimated figures for 1937 on the movement from one country to another (123 in all) of 38 commodities, including wheat, sugar, rubber, wood, hides, wool, cotton, silk, copper, and iron and steel.
NATIONAL BANK FAILURES AND NON-FAILURES, by Horace Secrist. Principia Press, 329 pages, $4.50.	Professor of Economics, Northwestern University; author of *Banking Ratios, Statistics in Business,* and *Banking Standards under the Federal Reserve System.*	An examination of the financial statements of 741 banks which failed in 1925, 1929, 1930, 1931, and 1932, and of 111 banks which did not fail, in order to establish standard-ratios indicating likely survival or imminent failure.
AN ANALYSIS OF THE RETAIL TRADING RELATIONSHIPS OF ELGIN, ILLINOIS, A SATELLITE CITY, by Eaton Van Wert Read. University of Chicago Press, 87 pages, $1.	Assistant Professor of Marketing, De Paul University; formerly engaged in commercial research in the marketing of consumers' goods.	This study of the flow of retail trade, setting forth the interrelationships between Elgin and its tributary area, those of that area and Chicago, and those of Elgin itself and Chicago, seeks to determine some of the reasons for migrations of purchasers.
AMERICAN LABOR, by Herbert Harris. Yale University Press, 450 pages, $3.75.	Mr. Harris has been writing on labor affairs for ten years in such periodicals as *Current History* and *Survey-Graphic.*	A history, with special chapters on the United Mine Workers, the American Newspaper Guild, the ILGWU, and the railroad, automobile, and textile unions. Reviewed in this issue.
HOW TO OPERATE UNDER THE WAGE-HOUR LAW, by Alexander Feller and Jacob E. Hurwitz. Alexander Publishing Company, 248 pages, $3.50.	Authors of *How to Deal With Organized Labor.* Both lawyers, they have been active in the settling of numerous labor disputes.	The scope of the Fair Labor Standards Act, how it is administered, and appendices setting out the text of the act and a list of relevant decisions by the NLRB. Also a section on recent interpretations of "interstate commerce." Reviewed in this issue.
LABOR PROBLEMS AND LABOR LAW, by Albion Guilford Taylor. Prentice-Hall, 663 pages, $5.	Professor of Political Economy and Assistant Dean of the Marshall-Wythe School of Government, College of William and Mary.	A comprehensive study of the labor movement and of problems arising in industrial relations looked at in the light of labor laws and their interpretation in the courts. Reviewed in this issue.
100 VACATIONS COSTING FROM $50 TO $500, by Horace Coon. Doubleday Doran, 218 pages, $1.98.	Editor, travel books; journalism teacher, Drake Business College.	As an experiment in employee relations, you might add this to the office library. Itemized budgets, specific directions, and itineraries make it valuable. From a $45 dude ranch to $450 trip up the Amazon; for a week-end or a 60-day expedition.

Taylor shuttles back and forth between the general law and the specific problem. In this manner he treats unemployment, social insurance legislation, income and living standards, wage legislation, child labor, women workers, immigration, and convict labor. There follows a discussion of the rôle of government in industrial conflicts, reflected, for example, in the Clayton, Norris-La Guardia, and National Labor Relations Acts.

Other sections of Professor Taylor's study outline the legal background of the labor movement and set forth the primary objectives and political program of organized labor. A final section reviews the nature and activities of employers' associations.

One Law

IN *How to Operate Under the Wage and Hour Law* Messrs. Feller and Hurwitz have recorded the information necessary for complying with the provisions of the Fair Labor Standards Act: the scope and extent of the law, how it is to be administered, and recent interpretations of interstate commerce bearing on probable future interpretation. In three appendices are relevant decisions by the National Labor Relations Board, the text of the FLS Act, and administrative rules and regulations. Two charts summarize graphically what the basic provisions of the act are and on whom responsibility falls for the violations of others.

ANSWERS TO THE QUIZ

HERE are the answers to the questions on pages 19-21. Each one right counts four points. Remember, if you score 100, you are eligible for a Certificate of Distinction.

1. C	9. C	18. A
2. D	10. B	19. B
3. A	11. A	20. A
4. A	12. C	21. D
5. C	13. C	22. B
6. C	14. A	23. C
7. B	15. D	24. B
8. D	16. A	25. B
	17. C	

Curing Sick Sales

THE merchant knows that broken plate glass means broken trade. Bind up his display with a bandage of boards and you check the flow of customers—cutting a deep gash into sales.

For this emergency case of *sales sickness* a glazier is the only doctor. A quick diagnosis. An operation to remove broken pieces. A few expert strokes with the cutter. Next, fitting. Then remove the bandage and find the wound well—sales healed and healthy again.

Plate Glass Insurance is the merchant's best medicine for sales sickness. When glass breaks, he has only to telephone his insurance agent. Replacement service at ambulance speed is his without trouble, worry, expense.

PREVENT—DO NOT LAMENT LOSS!

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
HOME OFFICES: NEW YORK
Both Companies write Fidelity, Forgery and Surety Bonds and Casualty Insurance

25,466 MANUFACTURERS

Out of an average total edition of 50,807, DUN'S REVIEW reaches 25,466 manufacturers. The size of these concerns, as indicated by their financial ratings, and the title of the officers reached in each group, appear in the following analysis:

	$125M-Over $1,000,000	*$20M-$125M*	*All Other (under $20M, not rated, or N. Q.)*	*Total*
Owners, Partners	215	493	320	1,028
Chairman of Board	50	1	6	57
President	5,748	3,704	2,865	12,317
Treas., Sec'y	1,560	654	527	2,741
District Manager	1,807	88	201	2,096
All Other	3,991	1,541	1,695	7,227
Totals	13,371	6,481	5,614	25,466

These figures are the result of a name-by-name check; they are not the result of a projection of a sample.

In addition, the magazine reaches 11,742 wholesalers, 4,171 banking, financial and insurance companies, and 9,428 miscellaneous. Complete breakdown available for each group.

OVER THE EDITOR'S DESK

CONTRIBUTORS . . . COMING IN FUTURE ISSUES

THE study of business mortality in Poughkeepsie, N. Y., (pages 12-18) was planned by Ruth Gillette Hutchinson and the greater part of the data for it had been gathered by her before her death. Work was completed under the direction of Arthur R. Hutchinson and Mabel Newcomer. The latter is solely responsible for conclusions drawn from the data.

Mrs. Hutchinson had been an associate professor of economics at Vassar College and was the author of "State-Administered, Locally-Shared Taxes." After graduation from Rochester College in 1921, Mr. Hutchinson was for a short time with the Genesee Tack Company. Since then he has been in the purchasing, sales, and statistical departments of the Western Electric Company, where he is now employed as Commodity Statistician.

Mabel Newcomer has taught economics at Vassar since 1917, when she received a doctor's degree at Columbia; since 1932 she has been chairman of the department of economics and sociology. An authority on taxes, she has served as a consultant on State, Federal, and other commissions almost beyond number. She is a member of the executive committees of both the Tax Policy League and the American Economic Association.

Miss Newcomer is the author of *Separation of State and Local Revenues in the United States, Financial Statistics of Public Education in the United States, 1910-20, Use of State Revenues for the Support of Local Functions in the State of New York,* and *Central and Local Finance in Germany and England.* In 1937 she was joint author of *Facing the Tax Problem.*

IN CHARGE of work being done by the Department of Commerce for the Temporary National Economic Committee, Willard L. Thorp (pages 8-11) is also serving in Washington as advisor on economic studies for Secretary of Commerce Harry L. Hopkins. And of course he's editor of DUN'S REVIEW.

"Forces Affecting Distribution Through Chain Stores" is the second part of a speech delivered by Dr. Thorp at the fifty-first annual meeting of the American Economic Association. The first part of that paper appeared in last month's number under the title "Changing Distribution Channels."

JOHNSON HEYWOOD

Two more items which were reported too late to be a part of Heywood Johnson's "Swing High, Swing Low with the Musical Instruments Industry:" members of the National Piano Manufacturers Association met recently to discuss ways of meeting a threatened shortage in pianos; shipments in the first quarter of this year had already been 28 per cent above those in the first quarter of 1938. A new consumer survey published by the United States Department of Commerce reports that out of every 100 American families 75 have automobiles, 89 have radios.

Johnson Heywood is a contributor to most of the leading business magazines. His "Moving Day Again—But Nothing is Done About It" appeared in our October 1938 number.

Much of Mr. Heywood's work is done in collaboration with business and professional men. Among the books he has written in collaboration are *Operating Aspects of Industrial Mergers, Taking the Guesswork Out of Business, How to Solve Typical Business Problems,* and *Production Planning and Cost Accounting.*

READERS of DUN'S REVIEW will soon see another familiar name, that of Reinhold P. Wolff, who has been preparing an article on chain store taxes and their effect on marketing in many lines of business. Also treated in this article will be such subjects as where the burden of these taxes falls, the extent of anti-chain feeling in different parts of the country, and adjustments which chain operators are making to the taxes.

THEN there are two other articles planned for near issues, one on lumbering in the Northwest and the other on uses and prices of platinum. Perhaps the first can clear up for us Easterners the meaning of such lumber language as "bulldozers," "cold deck," and "whistle punk."

The second article should be of interest not only to readers who are concerned with chemical, electrical, jewelry, and dental supply businesses, but also to those who like to speculate about money, prices, inflation, and hedging.

ALSO on the schedule is a final report on the Survey of Taxes Paid by Business in 1938, a project of the Research and Statistical Division of DUN & BRADSTREET, INC. As did the preliminary report (in the April number) this one will relate taxes to sales.

Taxes will be broken down into these classifications: social security taxes, Federal income taxes, State income taxes, State and local sales and excise taxes, property taxes, and franchise and chain taxes. Data will be presented on the tax payments of 36 manufacturing industries and 19 wholesale and 32 retail trades.

In addition, depending upon the outcome of the race between tabulating machines and magazine deadlines, the survey may record taxes as percentages of the real fund out of which business pays expenses: in manufacturing, value added by manufacture; in trade, gross margin. Here taxes will be broken down into three types: those which are largely fixed, those which vary more or less in step with sales, and those taxes of a marginal nature which vary with net income.

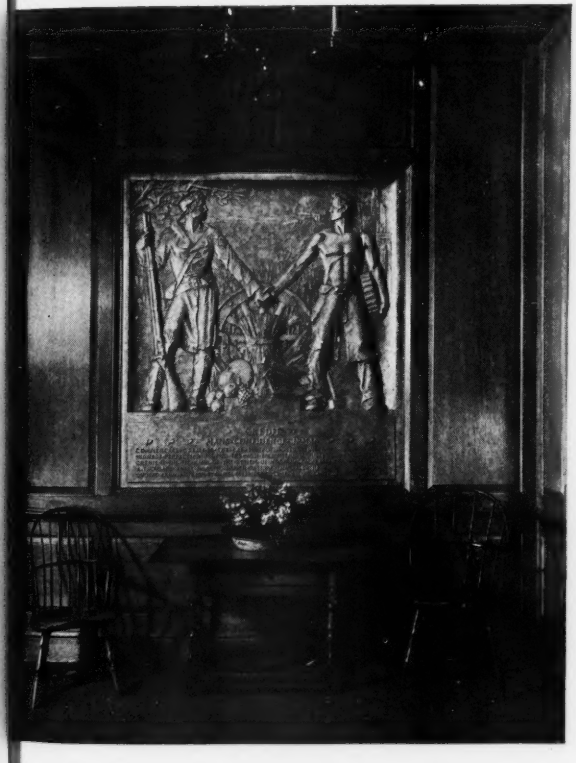
The survey's findings will be based on returns from 25,000 businesses of all sizes and from all parts of the country.

THE final report on the DUN & BRADSTREET tax survey follows in the wake of remarkable enthusiasm from many quarters for the preliminary report. From Washington came praise by nationally-known persons in both Houses of Congress, in the State, Treasury, and Commerce Departments, and in the offices of the Social Security Board and the Securities and Exchange Commission. Paragraphs such as this were especially cheering: "This is a most informative and interesting study, and I know that it will prove useful to me here."

Business men, economists, and other readers joined in much the same approbation. Scarcely credible, but satisfying to the Research Department's parental pride was a note from a New York accountant whose name is nationally-known in the tax field: "Your survey of taxes is a glorious job. It is the first factual survey which has meant anything. I am now attempting to memorize it."

SOMETHING else in DUN'S REVIEW which is bringing in many letters these days is last month's illustration of the statue symbolizing credit done by the sculptor Georg J. Lober. Evidently many subscribers are framing them. Others want additional copies to distribute themselves. Still others, banks for the most part, seem to be interested in using them for displays and for illustrating their advertising.

In the Colonial room which is DUN & BRADSTREET'S *exhibit at the New York World's Fair is mounted a bas-relief of the statue "Credit," by Georg J. Lober.*



In another form the statue, defining credit as "Man's Confidence in Man" with pioneer and craftsman clasping hands in mutual trust, may be seen in the DUN & BRADSTREET, INC., exhibit at the New York World's Fair. There a bas-relief of the statue is mounted on one of the pine-paneled walls of a Colonial living room, which, with antique tables, chairs, and bronze chandelier, is reproduced in detail as it might have been a century ago.

DUN'S REVIEW

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More detailed breakdowns of those statistical data originally compiled by the publishers—business failures, bank clearings, building permits, and price indexes which are summarized and interpreted each month in DUN'S REVIEW (see pages 36-39)—are published monthly in DUN'S STATISTICAL REVIEW, tables only, no text, $1 a year; $2 outside the United States.

DUN'S REVIEW

. . . is a national magazine which impartially records and interprets the effects of significant trends, developments, and legislation

. . . reports the findings of authoritative economic research

. . . presents without prejudice the views of leaders of American thinking on controversial subjects

. . . reviews business conditions

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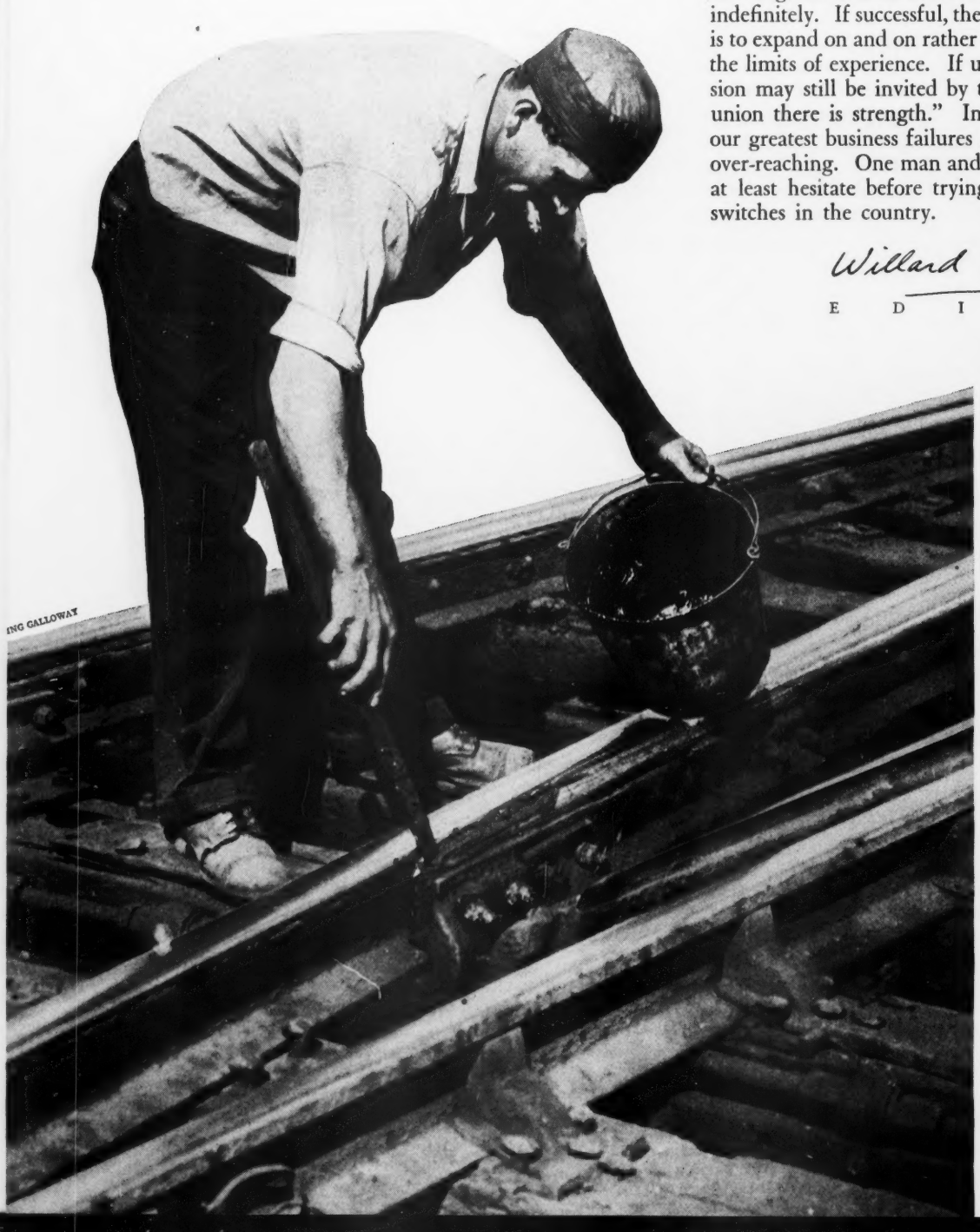
. . . to receive DUN'S REVIEW for a year ($4) send the editors at 290 Broadway, New York, a postcard with your name and address on it. A statement will be sent you. . . . Three years for $10, if you prefer.

GREASING SWITCHES

THE story goes that a man was employed by one of the large Mid-Western railroads to grease switches. He reported at the Chicago yards on Monday morning, was given an hour of training and a large bucket of grease. He went off down the track but did not report back that evening. Tuesday—no report. Wednesday—no report. Thursday the foreman decided that there might have been an accident and was just starting an inquiry when a telegram arrived. "Have reached Omaha. Send another bucket of grease."

There is always a great temptation for a business organization to move out along some line indefinitely. If successful, the natural inclination is to expand on and on rather than to stay within the limits of experience. If unsuccessful, expansion may still be invited by the theory that "in union there is strength." In the past many of our greatest business failures have resulted from over-reaching. One man and one bucket should at least hesitate before trying to grease all the switches in the country.

Willard L. Thorp.

EDITOR